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# THE TIMES

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## Heseltine's new turn offers further hope to doomed pits

By Philip Webster  
Chief Political Correspondent

MICHAEL Heseltine rallied Conservative MPs last night by promising that his enquiry into pit closures could save some threatened collieries and even lead to changes in the structure of the privatised electricity industry. All aspects of Britain's energy policy are to be examined.

The combative performance by the president of the board of trade amid the uproar of the Commons virtually snuffed out the last flames of Tory rebellion, and marked the second phase of the government's fightback after John Major's announcement that he was making growth his top economic priority.

Away from Westminster, tens of thousands of miners and their families were marching through London in protest against the closures and an opinion poll named Mr Major as the most unpopular prime minister since polls began. But Mr Major's stock among Tory MPs rose after his appearances on television on Tuesday and party morale was lifted further when Mr Heseltine turned his Com-



On the march: police estimated that 50,000 demonstrators flooded into London from all over the country yesterday to protest at the threatened pit closures

of hope to the ten condemned pits not included in the moratorium, emphasising that under the consultation procedures, British Coal was "compelled" to maintain the option of continuing with them. That meant they had to carry out the appropriate care and maintenance procedures to ensure they were fit to carry on production if necessary.

Asked by a Tory opponent if he would amend the electricity privatisation legislation if his review found it to be flawed and prejudicial to the coal industry, he replied: "There would be no point in the review if I was not prepared to consider this option." There would be no pre-ordained outcome, he promised.

The consultants would be asked to comment on the competitiveness of British Coal and he would hold discussions with the power

generators and regional electricity companies to satisfy himself the market prospects for coal had been correctly assessed. His review would cover the consequences of the switch to gas and the question of whether it was cheaper. Hardening the terms of the review even further, Mr Heseltine said he had told British Coal that development work at the 21 pits must continue so as not to prejudice its outcome.

Mr Heseltine was clearly illustrating how far he has had to move to appease his backbenchers since Monday, when he did not even use the word "review", and at one point Robin Cook, the shadow industry secretary, interrupted to ask why he had not done all these things before announcing the closures.

Mr Cook had opened the debate with a withering attack

### THE TIMES GUIDE TO THE RECOVERY

In *The Times Guide to Recovery* on page 18, we explain how John Major can pull Britain out of recession. To bring back growth, he should:

- cut interest rates to 6%
- attract first-time buyers by saying he will abolish mortgage tax relief in a year's time
- start work on the Channel tunnel fast link and other big projects
- freeze pay for civil servants
- purge Treasury top officials — and replace the Chancellor himself



on the government's policy, which he said had created "a nation united in anger". The plan made no sense to consumers because it involved higher prices, no sense to the

economy because it meant higher unemployment and deeper recession, and no sense to national security because it wrote off access to coal reserves.

### Pay bodies may be suspended

By Sheila Gunn, Jill Sherman and Nicholas Wood

MINISTERS are considering suspending the pay review bodies and boosting the hard-hit construction industry by easing restrictions on local authority capital spending.

That was disclosed yesterday as Conservative MPs rallied behind the prime minister's decision to make growth and recovery the touchstones of economic policy.

Labour denounced as yet another U-turn John Major's sudden emphasis on the need to halt the recession and demanded a full statement on the new strategy. But there was undisguised relief on the Conservative benches that the prime minister had recognised that the public outcry over pit closures masked deeper resentment about increasing unemployment and business failures.

Tories were also cheered by better than expected retail sales figures showing September's figure 0.2 percentage points up on the previous month. Norman Lamont, the Chancellor, said that sales were now on a "clear upward trend". The boost to Tory morale came as Whitehall's hard fought spending round moved into the final straight and ministers and Whitehall officials defended the economic policy shift and denied opposition accusations of a U-

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### London disrupted by new IRA bombing

By Stewart Tandler, Crime Correspondent

ROAD and rail traffic in north London was disrupted last night after an IRA bomb exploded on a railway bridge over the A406 North Circular road close to Silver Street station in Edmonton, leaving three passengers with minor injuries in the eleventh bomb attack in two weeks.

The bomb exploded at about 4.35pm as a train was travelling south from Chesham, in Hertfordshire, to Liverpool Street station with 100 passengers. The train was slightly damaged and ambulance men treated one passenger for a cut finger, a second for a bruised knee and a diabetic who collapsed. Passengers were kept on the train for several hours after the blast cut off power.

Other northbound services

on the Liverpool Street to Chesham and Enfield Town lines, which take considerable commuter traffic, were halted at Seven Sisters station. The A10 Cambridge Road was closed for a short distance either side of the bridge.

An hour before the blast a news agency in Dublin reported an IRA statement that the police were ignoring warnings sent to London radio stations and indicated where the bomb was. Scotland Yard said they knew nothing about any warning. A spokesman for the British Rail Board said no warning had been received and the BBC and six London radio stations all said they had not received any call.

Last night anti-terrorist branch officers were at the scene of the explosion.

### British tourist dies in Egypt tour bus attack

From Christopher Walker in Cairo

A BRITISH tourist was killed and two others were wounded yesterday as Islamic militants stepped up their terrorist campaign against Egypt's tourist industry and ambushed a tour bus near the Upper Egyptian town of Dairut.

The attack came only 48 hours before John Major is due to meet President Mubarak in Cairo before travelling to El Alamein for the 50th anniversary of the allied victory there.

Hospital sources in the remote town, the scene of clashes between Muslims and Christians, named the Britons as Sharon Hill, 28, David Wilson and Mike Smith, both 24. The official Middle East News Agency said doctors had failed to save the life of the woman on the operating table.

The ambush was the ninth and most serious against tourists since the fundamentalists launched their campaign in June with a bomb attack on Karnak temple in Luxor. Yesterday was the first time a Western tourist has been killed.

The shooting came only weeks after the October 2 attack on a Nile cruiser carrying 140 German tourists, also in Upper Egypt, the most violent area of the country. Three Egyptian crew were wounded in that ambush, also made by Islamic fanatics.

Hospital sources said last night that there had been six other tourists on the bus who were under police guard. The news agency said that the bus, carrying six Britons, two Aus-

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### Sterling's fall causes loss of a Derby champion

By Richard Evans  
Racing Correspondent

THE sterling crisis and reduced interest rates, heralded as the overdue boost to the struggling economy, have taken their toll on another beleaguered British industry, with the loss to Japan of this year's Derby winner.

Dr Devious, trained by Peter Chapple-Hyam in Manton, Wiltshire, has been sold to Japan for \$6 million despite strenuous efforts by the National Stud to keep the classic winner in England for stallion duties. Even increased offers by the stud to the horse's American owner, Sidney Craig, were undercut by the recent 20 per cent decline in the value of the pound against the dollar.

Mr Craig was first contacted by the National Stud in August and a \$6 million offer was made a month later, when the exchange rate of \$2 for £1 made the offer worth £3 million.

Dr Devious had just beaten St Jovite in the Irish Champion Stakes, and Mr Craig rejected the offer out of hand: he was looking for double that figure. The stud tried again after Dr Devious's sixth-place finish in the Prix de l'Arc de Triomphe, and saw off challenges by the Coolmore Stud in Ireland and the Arabs. The fall in sterling, however, meant that the stud's £3 million offer was then worth only \$5 million.

In the end the stud increased its offer to £3.3 million — equivalent to \$5.4 million — but Craig accepted \$6 million from the Japanese. The loss of Dr Devious is a severe blow to domestic breeders. The Derby hero, bred by Robert Sangster in Ireland, will run in the Breeders Cup at Gulfstream Park on Saturday week.

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# Heseltine defies the odds but loses argument over ERM

■ Right-wing ministers are delighted with the government's new tack. But Michael Heseltine is not yet out of hot water

By Philip Webster and Nicholas Wood

MICHAEL Heseltine yesterday turned what was billed as another Commons ordeal into a barnstorming comeback. Not for the first time he proved that he should never be written off.

Thanks to the groundwork laid down by the prime minister and Lord Wakeham, the president of the board of trade was able to satisfy his Tory backbench critics that he was offering a genuine review of his pit closure programme.

He remains in place to see through what will still prove a hazardous operation, seeking to reconcile the harsh arithmetic of the energy market and the constituency worries of his backbench friends.

The U-turn over pit closures was Mr Heseltine's most embarrassing public reverse since he returned to the government. Behind the scenes, however, he has suffered a more lasting setback.

John Major's decision to proclaim the government's new growth and recovery strategy came after a five-week hiatus in which the government has appeared to lurch between making the conquest of inflation its chief objective and toying with a more expansionary stance.

The central problem for the cabinet since Black Wednesday and sterling's exit from the ERM has been the degree to which ministers have wanted to exploit the floating pound.

Mr Heseltine and Kenneth Clarke were seen as the two principal advocates of leaving open the possibility of an early return to the ERM. Other ministers, including at times Norman Lamont, the Chancellor, appeared to be favouring easing interest rates, risking a cheaper pound and getting industry on the move again.

Under an avalanche of public industrial and Conservative pressure, Mr Major and Mr Lamont came off the fence at the weekend. Their immediate priority was the pits furore, but when Mr Major summoned ministers to Downing Street on Sunday night for an emergency session, the first signs of a change of direction were in the air.

Last week, some of the party's most prominent supporters had let it be known they had cut off cash support in protest at the government's failure to recognise the scale of the recession and ease the monetary brake.

The party was in turmoil. Mr Major and Mr Lamont, advised by Richard Ryder, chief whip, and Sir Norman Fowler, the party chairman, decided that a policy that retained the importance of the anti-inflationary objective but offered a lifeline for business was the prescription for repairing the political ravages of the recession.

Right-wing ministers who had bombarded Downing Street through the weekend expressed delight with the new approach. As one said: "Every-one from every section of the party was saying 'enough is enough'. They had peered into the abyss."

Another well-placed official said: "If there has been a tilt, it has been a tilt away from Michael Heseltine to ministers like Michael Howard, who wanted to play it very long over the ERM. There is no suggestion that Michael Heseltine and Kenneth Clarke, who are both pragmatists, are furious or unhappy about what has happened. But they have lost the argument, at least for the time being."

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Bowler-hat protest: one of the many unlikely demonstrators who joined the miners' march from Hyde Park to Westminster yesterday. Company directors and lawyers were among the supporters. Pitmen's pilgrimage, page 3

## Trade winds blow good ship Tarzan to safe harbour

MATTHEW PARRIS  
POLITICAL SKETCH

What a magnificent sight! His rudder broken, his argument in shreds, his navigational charts scattered to the four winds, his hull torn apart by enemy fire and shipping water by the bucketful, the fighting ship HMS President of the Board of Trade rode triumphantly into harbour yesterday, his torn sails billowing in the wind as Tories roared their support behind him.

The noise was fearful. Labour chanted. The Chair screamed. Strangers and on-lookers simply gaped. And, their anger rising as every new affront broke across his bows, Michael Heseltine's own backbenchers blew up a gale of sympathy, indignation and encouragement.

Harried by the Opposition, Heseltine threw away his speech. He began to shout. Labour shouted louder. He raised his voice to breaking point. All the Tory rabble behind him yelled him on. As Opposition breakers smashed hopelessly against the rocks, reason, if reason ever entered this, blew away.

It started as a painfully complex argument about pit closures, with Heseltine on the losing side. Labour confidence rose. The Opposition became a rabble. The Chair all but lost control. Within fifteen minutes, and most unwisely, the Opposition had pushed what had begun as a trial into a lynching. It became apparent that Heseltine was struggling for his survival. With ancient visceral wisdom, his party sensed that this wasn't just an argument about mines. Indeed, it wasn't an argument about mines at all. It was an argument about their government's authority. They sensed their man's despair, and closed ranks. The battle then turned.

Perhaps significantly, Neil Kinnock turned it. He told Heseltine that domestic coal had traded in a free market. Rubbish, roared Heseltine, departing his wretched brief and treating Kinnock to a rant about the

evils of a nationalised Britain in which you got what you were allocated and paid what you were ordered to. Labour, shouted Heseltine, had learnt nothing. This acted as a signal to his own side to quit the hopeless ground on which they had bogged down — the "moratorium" — and go on the ideological attack.

Mr Heseltine launched into what was really a reprise of countless party conference triumphs. Labour backbenchers — who would have done better to sit back and giggle — began a serious attempt to harrack him.

This was when Michael Cartiss (C, Gt Yarmouth) sounded the bugle which began the rally which became the charge which, six hours later, was to pound into the division lobby, carrying the government to victory. Tragic that as Cartiss tried to rise, Richard Ryder, the chief whip, nudged furiously at his coat-tails to stop him.

But Cartiss would not be stopped. He had come to this debate about the pit closures. But "these people," he shouted, the veins in his neck standing out with fury as he gestured at the Opposition, "have ensured that this man" (he pointed at Heseltine) "has my total support!"

Wisely, Michael Heseltine never returned to his text. The old warrior knows when to drop anchor. He brushed aside his speechnotes and, filling his sails with the wind of loyal Tory cheers, surfed past the sea-wall back into harbour. His first planned expedition had failed. His revised journey had had to be abandoned, and his whole strategy was now in ruins. But he was still afloat.

Next time the Tories face a serious internal mutiny, they could do worse than arrange a trade union march on London. John Major grinned from the front bench, as relaxed as we have seen him, if marginally thinner.

## Pay bodies may be suspended

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turn. However, ministers confirmed yesterday's report in *The Times* that public sector pay rises for five million workers are to be held to a range of 0.2 per cent as part of the spending squeeze. They also disclosed that they were studying the possibility of suspending review bodies that set the pay of 1.3 million people.

One minister said that the attraction of such a move was that the pain was shared equally. But it might be better to retain them and direct them to restrict their work to advising on possible self-financing performance-related deals over and above the 2 per cent ceiling.

A Treasury source said that the decision to be tough on pay had implications for the review bodies. Ministers were examining the "mechanics" of translating their wages clamp-down into action.

Environment ministers, it was also disclosed, are pressing the Treasury to sanction a gradual release of billions of pounds held by local authorities from council house sales. Such a move would be a policy reversal. Ministers spent much of the run-up to the last general election condemning proposals from Labour for a similar move.

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## Militants kill tourist

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travellers and a Portuguese, came under "heavy fire". The attack was seen as the heaviest blow yet against Egypt's \$3 billion (£1.9 billion) a year tourist trade, one of its main providers of vital foreign currency. It came days after Muslim extremists had made political capital by providing rapid relief to victims of the recent earthquake.

The ambush was in an area that extremists had warned foreign tourists to keep clear of. A German tour operator in Cairo said that she would be cancel all further tours to the area, which includes Luxor.

Police said the attack had been carried out by el-Gamaa el-Islamiya, a fundamentalist group waging an under-

ground war against security forces to overthrow the government and replace it with one dedicated to stricter implementation of Islamic law.

The ambush took place at 3pm on a dusty road near Dairut, 170 miles south of Cairo. A boy whistled when he saw the bus, operated by South Sinai Travel, and gunmen opened fire from fields on either side.

In September, the group warned all foreign tourists not to enter the province of Qena, south of Assiut, scene of a failed Islamic uprising after the assassination of President Sadat in 1981. Officials fearing mass cancellations tried to play down the warning. Most tour operators also chose to ignore the threat.

## Change of gear, not a U-turn

JOHN Major's promotion of a new growth strategy is more than just a shift in presentation. Policy is being relaxed. It is not, however, yet clear how much of a shift there has been.

The Euro-sceptics claim a victory as the abandonment of inflation as the overriding goal, hopes of early big cuts in interest rates and the postponement of re-entry into the exchange-rate mechanism for the indefinite future.

The Treasury is more cautious. Stephen Dorrell, the financial secretary to the Treasury, spoke yesterday as if no real change in policy had been announced.

On Mr Dorrell's view, Mr Major was merely drawing attention to the boost to growth prospects from the fall in inflation since 1990 and from the edging relaxation of policy as a result of sterling's withdrawal from the ERM and the subsequent two-point cut in interest rates.

The Treasury sees no need for a further shift in the overall balance of policy. It is still insisting on the announced inflation target and the public spending ceiling, while interest rate policy will take into account the impact on the exchange rate.

What has happened is less dramatic than a U-turn, but is more than just a modification

of the government's language. It is what one cabinet minister yesterday described as a "change of gear", with a throwback to the *Changing Gear* pamphlet written by the then "Wets" in 1981.

The new policy is partly a response to widespread demands for Mr Major to offer a new strategy, culminating in last weekend's unprecedented criticism of his leadership. Talking just about fighting inflation was clearly not

enough to inspire, or to unite, the Tory party. Mr Major had to offer a programme for economic recovery. Tory MPs were cheered yesterday. One former minister said that the Tory party had moved from Dunkirk to El Alamein since the weekend.

There are also genuine economic grounds for a shift. Mr Major repeatedly refers to how the outlook has become more bleak in other countries. Not only is Britain not alone, but more may have to be done to secure recovery, given, for example, the low rate of monetary growth. So the balance of official opinion, as well as of many outside commentators, has swung

round to believing that a larger easing of monetary policy is needed, and that it can be undertaken without bringing the risk of higher inflation.

What will happen in practice now? The prime minister's announcement will break the logjam on some issues, such as easing the long-established restrictions on private finance for public-sector capital projects and possibly also on receipts from council house sales. There may be some other initiatives to help industry and investment announced in the Chancellor's autumn statement.

All this will be in the context of keeping fiscal policy as tight as possible, at least in the medium-term, in order to ensure that the deficit falls when the economy recovers.

The big uncertainty is how far monetary policy will be eased. The Treasury and the Bank of England will be nervous of doing anything that risks sending the pound into freefall.

So there will be no public spending-driven dash for growth, but rather a measured acceleration. The government does not want to have to apply the brakes ahead of the next election.

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# From all over Britain and from every walk of life, they came to join the pitmen's pilgrimage to London

On the 25th anniversary of Aberfan, the government learnt that the nation was not prepared to allow the miners to suffer another disaster

By Bill Frost, Alice Thomson and Kate Alderson

EXTRAORDINARY alliances and once unthinkable bonds were forged in London yesterday between miners and those they once perceived as their implacable class enemies. Company directors, lawyers and City workers swelled their ranks as tens of thousands of pitmen marched from Hyde Park to Westminster.

By the time the three-mile procession reached Kensington, pavements were six-deep with cheering supporters, many of whom, less than a decade ago during the coal strike, would have called for the deployment of water cannon to combat such a demonstration. Yesterday the miners were greeted as heroes.

As the marchers reached the five-star Royal Garden Hotel, guests ran from the foyer to applaud. Posters proclaiming support for the miners could be seen in the windows of exclusive antique shops. Pubs emptied into the street as lunch-time drinkers toasted the pitmen.

Office workers appeared at windows to wave and cheer Arthur Scargill and his still slightly bewildered comrades. One man from the Yorkshire coalfield said: "I thought we'd get a really hostile reception... Londoners angry that the miners were at it again. But look at this: they are all on our side. They know the government is wrong and we are right in saying that Britain cannot destroy this industry."

Affluent promoters on Baywater Road gave the thumbs-up sign to the miners as they passed, children on half-term holiday cheered and baffled tourists waved. The miners, by now warning to

tinghamshire, marched with 14 other Anglican and Methodist ministers from his district, who gathered under a banner proclaiming: "Churches Together."

"I have never marched before", he said. "It's a bit unusual to be marching alongside members of the Socialist Workers' Party, but I have people coming to me and telling me of their hopelessness and their despair. I had to come here today, our community is being devastated, and the future looks very bleak. The church must show its support for people."

Geoffrey Clark, chairman of the Nottinghamshire and Derby Methodist Church, said: "Almost a third of the people in the Mansfield area will be unemployed."

From the Point of Air, Clwyd, Brian Taylor, the vicar of Bagillt, spoke emotionally of the mood of his congregation: "People are furious at what has happened. I'm not only here because of the closure of the pits, but because of the cynical destruction of this country's industry. I have had people come to me in tears, crying because they can't take anymore. That is why the church must be active."

As the miners marched through London, thousands of others employed in the power industry walked out in sympathy with their protest over planned pit closures. More than 1,000 Selfield construction workers downed tools and staged a mass meeting. "Our jobs could be next," said one man at the £2 billion Thorpe reprocessing plant.

An official with the electricians' union said: "Previous disagreements because of the miners' leaders calling for the end of nuclear power stations had no bearing on the action. The men were determined to show their 100 per cent support."

A further 1,000 construction workers, at Drax power station in North Yorkshire, the country's biggest, also walked out on strike in sympathy with the pitmen. A union spokesman said: "It is understandable that they feel so strongly. They are only venting the feeling of the whole nation."

In Nottinghamshire, 600 men staged a 24-hour strike at Ranciball power station, where they had been installing new equipment to reduce emissions that cause acid rain. In a statement, they said their action was an expression of disgust and concern over the government's energy policy. It continued: "This is also a direct attack on the mining industry, which in turn will affect jobs in engineering construction as well as thousands of jobs in mining associated supply industries."

"We feel that the pressure from the trade unions should be increased in order to persuade the directionless Tory government to completely rethink the whole economic strategy and to stimulate the construction industry in general."

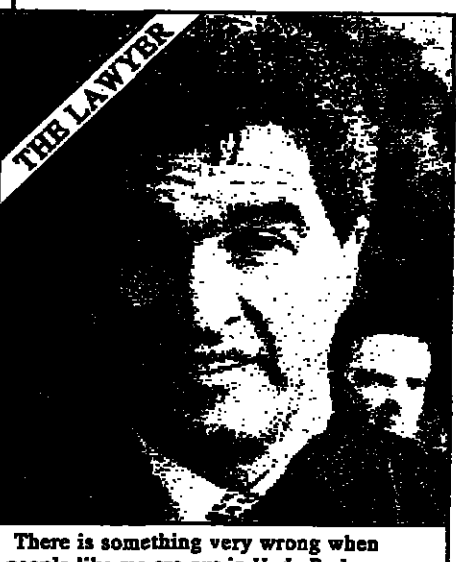
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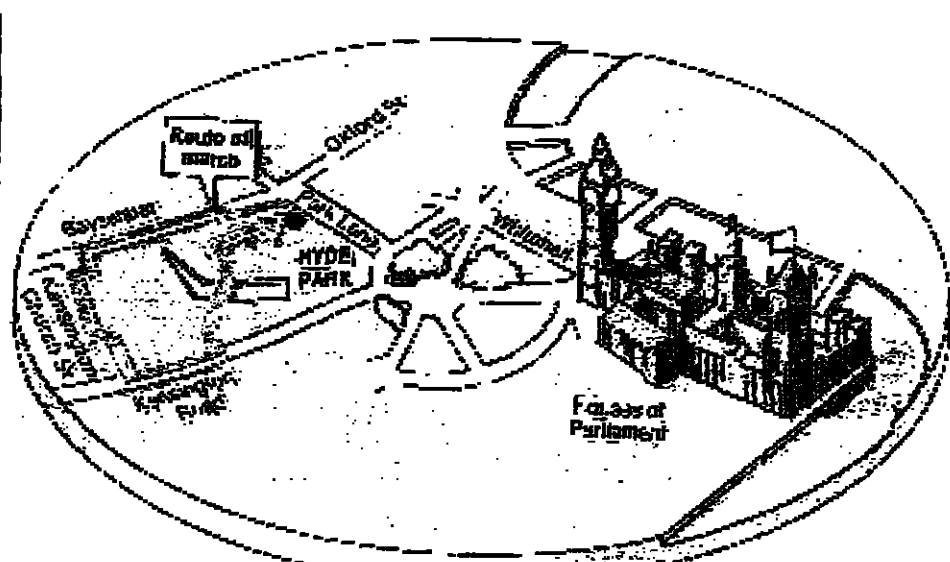
I came today because, as a church leader, I am scandalised by a policy which seems to rate love of profit and money lighter than concern for people.



We're opposed to the pit closures generally but this protest is really against the government. I think most people in Britain have no faith in any of the parties any more.



There is something very wrong when people like me are out in Hyde Park protesting. Last time I was in a rally it was over Vietnam.



I'm not a political activist at all, but this whole situation has moved me to carry a banner and march. Folk are getting to the end of their tether.

PETER Segal, 33, director of a recruitment company, and Angela Perry, 42, a part-time lecturer, live in southeast London with their children Katharine, 8, and Jack, 3.

Mr Segal said: "I'm opposed to the pit closures generally but this protest is really against the government. I think their social, economic and education policies lack any sense of cohesion and I am virulently against what this government has been doing."

"I am ashamed to say that I am doing quite well in my company because we specialise in the computer industry that hasn't yet felt the pinch. But my children are suffering from an education policy with few resources and overworked teachers."

"I voted Labour at the last election although I am well paid and my wife also earns £3,000 a year part-time. But Labour is useless, too. They should be calling for the fall of the government."

THE Right Rev Nigel McCulloch, Bishop of Wakefield, came to support the demonstration with miners from the Yorkshire coalfield.

"This is the first time I have been on a political rally. I have been very impressed by the cross-party and cross-community support for the miners and their cause. I come today because, as a church leader, I am scandalised by a policy which seems to rate love of profit and money lighter than concern for people."

DAVID Cockburn, 43, is a partner in the London firm Pattinson & Brewer and lives in north London. "I feel very strongly that the government has acted precipitously without giving any depth of thought to British energy problems."

"There should be a serious rethink over the miners' issue, taking into account the views of the miners, the energy industries and all political parties. I come from Castleford, West Yorkshire. It

used to be a mining town. Now there isn't a pit there and it's desolate. My dad used to be a miner. I will do everything I can to help them."

"But I have also come here to voice my general complaint — we need to find a focus for this country. There is something very wrong when people like me are out in Hyde Park protesting. Last time I was in a rally it was over Vietnam. I used to feel relatively secure in my job but now you don't know, do you?"

SHARON Sole, 41, and Anita Houghton, 36, work at St Bartholomew's Hospital, London, and live in Epping.

Mrs Sole said: "I feel like a rebel coming on this march. I have never done anything like this before. But my partner's father is a miner in South Yorkshire."

"I am a manager of a unit that provides health screening for companies. Anita is a public health doctor. We feel that St Bartholomew's must survive like the miners."



Cook: "Conservatives have long memories"

their unaccustomed celebrity status, shouted back greetings and expressions of gratitude. Clergymen of almost every denomination were among the demonstrators. Basil Cook, 71, a retired vicar from Mitcham, southwest London, had come to the rally with his wife Barbara, 68. "I am simply appalled at the way Mr Heseltine announced his proposal," he said. "It is inhumane and the result of a mistaken policy. The Conservatives have long memories and I think much of this is spite for what happened years ago. The government will not resign, it has no honour."

Ken Shill, vicar of St John's Church in Mansfield, Not-

EVELYN Smith travelled with fellow pensioners from Gloucestershire to demonstrate against the government for the first time in her life.

"I'm not a political activist at all," she said. "But this whole situation has moved me to be here today, to carry a banner and march."

"I now object wholly to what the government has done, not only to the miners, but to the economy. I don't think I've felt

this strongly about any issue before."

Christine Pagett, from Sheffield, was protesting at "economic nonsense". She said: "Folk are getting to the end of their tether. I would call a one-day general strike because how much longer are the British people going to be told what to do and when they can work? The government don't realise that they've made Mr Scargill into a Moses figure."

JAMES Cully used to work in public relations, is 34, unmarried and lives in west London. "I came to this rally because I have nothing else to do and I feel great sympathy for the miners. They have been appallingly treated, as have many who have been made redundant in the last few months. We have been given no hope for future employment because the government gives us no hope that growth is on the way. I voted for Mrs

Thatcher the first time but I didn't vote for John Major. I think this is the turning point. The government has finally realised how angry the country is."

"I have never had any confidence in Mr Lamont. I am pro-Europe but the whole European question has been mismanaged. Even if we have a review of the miners, I don't think it will make much difference. What we need is a review of this country."

## Enter Scargill, darling of the media

By Nicholas Watt

THE jabbing finger was still there but the tone had mellowed. At yesterday's march round Hyde Park against the pit closures, Arthur Scargill relished his new and unlikely role as the media's darling.

He grinned and posed for the bevy of photographers who stalked his every move. "Arthur, Arthur," they yelled as he beamed into their lenses. Miners were no longer addressed as "comrades" but as "colleagues".

Even the *Daily Mail* was praised for highlighting the child slave labour of five-year-old children in Colombia shovelling coal. Mr Scargill has taken up the *Daily Mirror*, though his new image has not quite reached

*The Sun*. Old foes were defended yesterday. At the rally in the park, Mr Scargill intervened to prevent hecklers drowning out a speech by a union leader who would have been snubbed only a few weeks ago. As Bill Jordan, of the AEU, was booed and hissed as he condemned the government, Mr Scargill gestured to the crowd to let him speak. As the marchers shouted to Mr Jordan to "get off, go away," Mr Scargill strode up to the middle of the stage and said: "British miners are fighting to save their jobs. The last thing we want are members barracking people we have invited. So for God's sake give him a fair hearing."

Even Mr Scargill admitted that he had done things in the last week that he would never have dreamt of doing. At the rally in Westminster Central Hall yesterday he shared a platform with John Smith, the Labour leader, and earlier he met Liberal Democrats. "Almet Liberal Democrats," he said. "It is not normally in my nature I have written to the prime minister to discuss the well-being of my members. If they can see the leader of the

breakaway UDM they can surely see me," he said.

The president of the National Union of Mineworkers said he was delighted by the level of support and he claimed that 200,000 people had been present. "We can't thank people enough for coming. But they are here not just to support the miners. They are here to support other workers who are unemployed and others whose jobs are threatened. There is also a sense of revulsion and outrage at the way the government has treated people who have given their life to the coal industry."

Mr Scargill was joined at the front of the march by the Labour MPs Dennis Skinner and Tony Benn, and union leaders, including Derrick Fullick of Aslef and Jimmy Knapp of the RMT. A brass band from the Frickley colliery and Carlton Main, South Yorkshire, led the march. A posse of trade union officials had to link arms in front of Mr Scargill to protect him from a scrum of photographers.

At the rally, Mr Scargill told the demonstrators that John Major should be given notice

to quit. "I cannot, and will not, accept policies that regard my members as mere blips on a computer screen. They are human beings," he said.

So much power had been generated on the streets of Britain that miners could change the government's policy. "In the space of three days they have done four body-scrubs. We don't want body-scrubs, we want a complete U-turn," he said.

The government's economic justification for the pit closures made no sense. "We produce the cheapest deep-mined coal in the world. Gas is 30 per cent more expensive and nuclear fuel 350 per cent more expensive. If we received the same subsidy as the nuclear industry we could give our coal away for free plus a hamper of food and we could make £500 million profit a year," he said, adding: "I don't want to be told that my members have got to compete with five-year-old children in Colombia."

When Mr Scargill said that cheap foreign coal should not be imported, a supporter shouted: "Don't import coal, start exporting Tories."

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A WORLD OF COMFORT

*John 15/92*



## Casino licence defeat costs owner of rival club £160,000

By JOHN YOUNG

THE club-owner John Aspinall was ordered to pay £160,000 costs yesterday after failing to block the issue of a gaming licence to a rival casino company.

Mr Aspinall, a key figure in London gambling circles since the first casinos were licensed more than 20 years ago, said after the hearing: "I have just lost a large hand of baccarat. Everything in life is a gamble."

But earlier, Mr Aspinall, who opened his own new club in Mayfair this week, had bowed his head when the South Western Betting and Gaming Committee, sitting at Thames Magistrates' Court, granted a licence for the Golden Nugget casino, in Soho, owned by London Clubs International.

Mr Aspinall had claimed that the company, which owns four other London casinos — the Ritz Club, the Palm Beach, Les Ambassadeurs and the Rendezvous — was not "a fit and proper person" to hold a gaming licence. His claim was based on the company's "past history", which led to a police raid on the four clubs in June last year and a nine-month investigation by the Gaming Board.

George Carman QC, for LCI, described Mr Aspinall's objection as "an unworthy application to be treated with disdain. No responsible servant or agent of the company who would be directly engaged in the management or directorship of the Golden Nugget club is in any way not fit and proper," he said. "There is not one shred of evidence before the court to that effect."

"It is entirely without precedent for an objector to come to court and make a public allegation, and attract great publicity, that the applicant company is not fit and proper, but to call no evidence

that establishes in any way that proposition.

"It is more in sorrow than in anger that I say for an objector to pursue that course, and to attract publicity to himself and his club, is a misuse of that function. It may serve a commercial purpose outside the court but doesn't assist the administration of justice inside," Mr Carman said. The objection had not been made in totally good faith, and it offended any concept of natural justice.

"The public might say a trade competitor is using these proceedings, which coincide with the opening of his new club, as the stakes are high in these casinos, and if Mr Aspinall could knock out one or all of them life would be more comfortable for him."

After a 15-minute adjournment, Caroline Walker, the committee chairman, announced that the licence for the Golden Nugget club had been granted. Mr Carman's application for £200,000 costs was reduced to £160,000.

Applications for licences for LCI's four other casinos will be heard tomorrow. John Mathew QC, for Mr Aspinall, said he would be calling no further evidence but the objections remained.



Aspinall: "I have just lost a large hand of baccarat"



Tusk force: a pair of three-week-old wild boar, left, a species once hunted to extinction in Britain, but now being bred for their meat from Polish stock in Wensleydale by Anthony Hill, a farmer aged 34, who plans to produce 400 next year. Boar was fair game in the area in medieval times, as shown in this contemporary hunting scene



## BBC staff split over Checkland's future

By MELINDA WITTSTOCK, MEDIA CORRESPONDENT

SPECULATION was mounting yesterday that Sir Michael Checkland, the BBC's director-general, might step down before his term ends in late February as a consequence of his unprecedented public attack against Marmaduke Hussey, the chairman, for being too old and out of touch to govern the corporation.

But Sir Michael, in Botswana for the next ten days attending a Commonwealth broadcasting conference, is thought to be determined to present the BBC's response to the government green paper on its future late next month.

BBC employees were yesterday embroiled in debate over whether the governors would ask Sir Michael to resign early to clear the way for his successor, John Birt. Both Mr Hussey and Mr Birt had expected Sir Michael to step down long ago out of frustration over Mr Birt being named as the next director-general almost two years before the handover. But several senior BBC sources said that, however piqued Mr Hussey may be, governors would think twice about sacking a second director-general at a time when the board is being widely criticised for getting too involved in the day-to-day workings of the corporation.

Mr Hussey, responsible for firing Sir Michael's predecessor Alasdair Milne, would probably encounter opposition from many of the other 11 governors if he tried to sack Sir Michael. Many inside the corporation said such heavy-handedness could hijack the debate about the renewal of the BBC's royal charter, deflecting attention away from more important issues.

Mr Hussey had no comment to make yesterday, but a heritage ministry official said the government had "no plans at this time" to replace Sir Michael.

Leading article, page 21

## True love survives 60 years

A COUPLE in their eighties were due to wed today, 60 years after their love was torn apart by religious differences.

As a young teacher, Eluned Griffiths was smitten by quantity surveyor Basil Tite when they went out together in 1932. But her mother, a devout Welsh Congregationalist, disapproved because Basil was a Christian Scientist — and English, to boot.

The sweethearts split up and heard nothing more about each other, until Eluned, 85, put an appeal in a pensioners' magazine. Basil, 84, a widower, saw the letter and travelled from Southampton to meet Eluned again on Anglesey in North Wales — and proposed within days. Now the couple are to wed this morning in a chapel yards from where Eluned, a spinster, lives in the village of Llangoed, Gwynedd.

## Boy of 12 sues over HIV contamination

By A STAFF REPORTER

A HAEMOPHILIAC boy of 12 who contracted HIV after receiving contaminated blood concentrate began a claim of medical negligence in the High Court yesterday.

The boy, whose name is secret, was given the American product Factorate at Birmingham Children's Hospital between 1981 and 1983. He was one of over 1,000 haemophiliacs who brought a group action against the government and a number of health authorities, the court was told.

The cases against the government were settled last year and the boy received £21,500, which, by agreement, would be discounted from any damages won in the present action. A total of £42 million was awarded, after a long campaign, to haemophiliacs and later another £12 million to 74 non-haemophiliacs who contracted HIV through transfusions or tissue transfers.

Rupert Jackson QC, for the boy, told Mr Justice Allott:

"There is no dispute that, as a consequence of [his] treatment, he became HIV positive and that he will, in due course, develop Aids."

Birmingham Central District Health Authority denies negligence. The case, involving evidence on medical knowledge in the early 1980s, is due to last nine weeks.

Mr Jackson said infection risks of imported commercial plasma was a mixture of many donors, who were paid.

Mr Jackson said: "The sellers of blood in the US included a substantial proportion of drug abusers and homosexuals — the sort of people who were more prone to hepatitis B, a known risk in the 1970s, and to Aids when the epidemic struck at the end of the seventies. These simple truths ought to have been known to the health authority."

The case continues today.

The way it isn't

CRAIG BROWN



Following the success of Philip Larkin's recently published *Letters*, his *Posthumous Letters* are to be published next year. Here is an extract:

Heaven. Dear All. This place is really not my cup of tea at all. Everyone so bloody happy, smiling in that godforsaken way of the cheerful and endlessly twanging their bloody harps. What a hole. Turns out that hymn is complete hell. Nothing to do all day except mooch around being nice to one another — not my kile, of fish, at all. Food far too fancy — minus far too fancy — music in French. Music dreadfully celestial, tedious concentration on happiness. Only good thing is that at least Amis isn't likely to end up here. Yrs eternally, Philip.

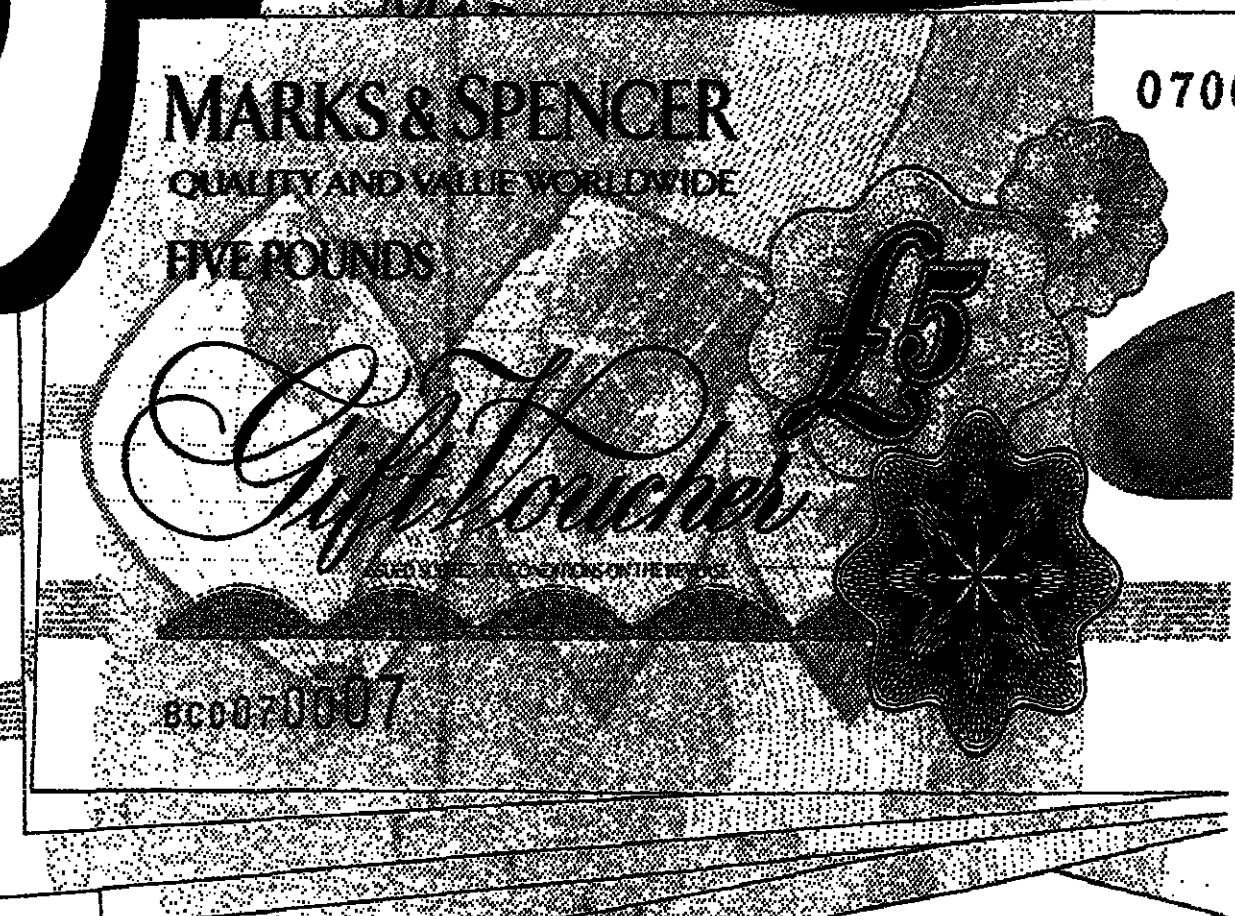
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Search and rescue centres to close

## Nine helicopters axed in Whitehall review

By MICHAEL EVANS, DEFENCE CORRESPONDENT

ROYAL Air Force helicopters involved in some of the most famous search and rescue missions around Britain are to be withdrawn from four bases between April next year and mid-1996.

Archie Hamilton, the armed forces minister, made the announcement yesterday after a long review. Search and rescue services at Leuchars, Fife, Brawdy, Dyfed, Manston in Kent and Coltishall, Norfolk, will be closed, leaving five remaining centres open.

The number of helicopters available will be cut from 25 to 16, although the aging Wessex helicopters will be replaced with the longer range and more capable Sea King. At present there are 15 Wessex and 10 Sea King helicopters.

The decision casts doubt on the future of RAF Manston.

Once the helicopters are removed, there will be no aircraft base. The two Sea Kings were involved in the *Herald of Free Enterprise* rescue of 1987, the *Marchioness of Granby* in 1989 and in saving the disc jockeys of Radio Caroline when they became stranded on the Goodwin Sands.

The long term future of RAF Brawdy, which has two Sea Kings and has completed more than 1,600 rescue missions since 1969, is also uncertain. Its largest operation involved lifting 53 soldiers from the Brecon Beacons when they were overcome with cold.

Dyfed Chief Fire Officer Ronnie King condemned the move. "By abandoning the search and rescue station at Brawdy lives will be put in jeopardy. The squadron has

built up enormous skill on controlling fires on vessels at sea and this facility will be seriously impaired in future."

The most controversial element is the decision to close the rescue operations at Leuchars, which has been at the centre of many daring rescues. Flt Lt Jack Taylor of Leuchars said helicopters from the RAF rescue bases are the "ambulances of the skies". "We do everything from picking little children off a rock at sea, to fully-fledged military operations," he said.

Yesterday the base's two Wessex helicopters had just completed their 677th mission, airlifting the body of a climber killed in a fall at Loch Tay. Most of the base's missions involve climbers stranded on Ben Nevis or Glencoe.

Under the rationalisation programme, Leuchars' work load will be taken over by RAF search and rescue stations at Lossiemouth, Morayshire, Boulmer in Northumberland and the Royal Navy base at Gannet in Frestwick.

Brawdy will be replaced by centres at Valley in Anglesey and Chivenor in Devon while Coltishall will be amalgamated into RAF Waddington in Suffolk. Ministry officials said that RAF personnel involved in the closures would be redeployed or retrained.



Tales from afar: Red Thundercloud, the last native speaker of the North American Catawba tribe, begins a series of fables for children to mark the 500th anniversary of Columbus's voyage to the New World. He arrived in Edinburgh yesterday to take part in the Scottish

Storytelling Festival at the Royal Botanic Garden, where he set up a tepee and found an attentive audience in Sophie Burns, 3, Sara Burns, 5, and Caroline McMillan, 6, right. Red Thundercloud, 73, was named after an unusual cloud formation at the time of his birth. His tribe is

about to receive compensation from the United States government for land taken in 1840, and he plans to start education courses so that young members of his tribe can learn the Catawba language. He uses the language during his story-telling and discloses some of the traditional

tribal secrets, handed down from his grandmother Water Lily and great grandmother Blue Moccasin. He is also an expert in making Indian herbal teas, and conducts herbal walks around the garden in Edinburgh. Later this month, he will travel around other parts of Britain.



Sea King: has longer range than the Wessex

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<b>Sadolin Extra Decorative Wood Protection.</b> Colours. Contains dichloromid. 1 Litre. Old Price £11.49 <b>£9.99</b> each	<b>B&amp;Q Garden Timbercare.</b> 4 Colours. 5 Litres. Old Price £6.99 <b>£5.49</b> each	<b>Cuprinol Garden Timbercare.</b> 4 Colours. 5 Litres. Old Price £6.99 <b>£5.99</b> each	<b>B&amp;Q High Build Exterior Woodstain.</b> 6 Colours. 2.5 Litres. Old Price £18.99 <b>£15.99</b> each	<b>Roquest Quick-Drying Woodstain.</b> Colours. 750ml. Old Price £7.99 <b>£6.99</b> each	<b>International Microporous Ranch Stain for Exterior Wood.</b> 5 Colours. 750ml. Old Price £7.99 <b>£6.49</b> each	<b>International Microporous Ranch Stain for Exterior Wood.</b> 5 Colours. 750ml. Old Price £7.99 <b>£6.49</b> each	<b>International Microporous Ranch Stain for Exterior Wood.</b> 5 Colours. 750ml. Old Price £7.99 <b>£6.49</b> each	<b>International Microporous Ranch Stain for Exterior Wood.</b> 5 Colours. 750ml. Old Price £7.99 <b>£6.49</b> each

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## Mayhew condemns 'cowardly' killing

Sir Patrick Mayhew, the Northern Ireland secretary, yesterday condemned as "cowardly and disgusting" the first killing of a member of the newly formed Royal Irish Regiment by republican gunmen (Edward Gorman writes). Robert Irvine, 43, married with two children, had previously served with the Ulster Defence Regiment before its merger with the Royal Irish Rangers in July. He was killed on Tuesday night when gunmen opened fire as he walked outside a house near Rasharkin, co. Antrim. Ian Paisley, leader of the Democratic Unionist Party, who knew the dead man, said it was obvious that claims by the government that the merger would make the UDR more acceptable to nationalist opinion were unrealistic. "To think the Commons were coming into thinking that if these men were called the Royal Irish Regiment instead of the UDR, the IRA would cease to shoot them, is lunacy."

## Tobacco adverts 'fatal'

At least 10,000 deaths a year would be avoided if tobacco advertising were banned, scientists said yesterday as they called on the government to end its opposition to a European-wide advertising ban. More than 800 scientists have signed a statement condemning tobacco advertising in advance of a Commons debate this afternoon on the *Health of the Nation* white paper, which sets a target of reducing smoking by a third among children aged 11 to 15 by 1994 but does not support an advertising ban.

## Kerb-crawling denied

Professor Martin Harris, Manchester university vice-chancellor, who faced a police allegation of kerb-crawling, told colleagues yesterday that a woman had got into his car and told him to drive after he had stopped to study a map. He realised she was a prostitute but when he told her he did not want her services she demanded money and asked to be taken to another part of Manchester. A summons was issued but never served and the Crown Prosecution Service halted the case last month.

## Nuclear site studied

The nuclear waste company Nirex yesterday announced plans for a laboratory more than 2,000ft underground at Sellafield in Cumbria to establish the safety case for building a nuclear depository. The stability and nature of the rock and the flow of water through it will be studied. Friends of the Earth criticised the decision.

## Readers queue for Sex

Book shops reported brisk business in *Sex*, the book by Madonna which was released for sale in Britain yesterday. In London, where 200 waited for Books Etc's Charing Cross Road branch to open at midnight, 1,800 copies, discounted by £5 to £20, had been sold by 1am. Diary: page 20; Nigella Lawson, page 40.

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## Royal visit to Germany

## Queen pays tribute to Berlin Wall victims

FROM ALAN HAMILTON  
IN BERLIN

FRAU Gertrud Stange, aged 71, had donned her best red hat for the occasion. She stood among a crowd of 5,000 on the eastern side of the Brandenburg Gate in Berlin, weak-kneed and unable to remember what the Queen had said to her.

"I am so happy I was allowed to see this," she bubbled. The concept of permission for even innocent deeds dies a lingering death in a people subjected to half a century of oppression.

When the Queen walked through the gate from West to East yesterday, she set foot for the first time on the soil of the former Soviet empire. As an instantly recognisable and enduringly permanent Western leader, she represented a powerful message to the evil old empire that it had rejoined the world community.

She arrived, like any tourist, on a bus, having spent a quiet few minutes behind the Reichstag building contemplating the simple shrine of crosses that honour some of the 192 East Germans who died trying to cross the wall. She laid a wreath, and must have been struck by the poignancy of the last victim, who was shot in February 1989 — 11 months before bulldozers and the shifting tide of global politics reached the wall without a shot being fired.

Crowds of schoolchildren waved flags and cheered as the Queen and the Duke of Edinburgh, with President von Weizsäcker and Eberhard Diepgen, mayor of Berlin, strolled through the gate that was imperial Germany's triumphal arch, and later became the most recognisable symbol of a divided Europe.

Great cities do not much care for visiting dignitaries, but Berliners turned out in respectable numbers to witness this ultimate seal of approval on the process of unification. "She is giving us a sign," Robert Merkel, 25, a student among the crowd,

**Thousands gathered to cheer the Queen as she strolled from West to East through what was once the most potent symbol of a divided Germany**

said. "The British and Prussian monarchies were always closely related and friendly. Perhaps this will remind Germans of their longer history."

Beside him Frau Helga Ott had been waving enthusiastically. "We are friends with Great Britain," she said. "Their soldiers have defended our city, and thanks to them we are now free."

The solemnity of the occasion was shattered by an ambulance roaring through the Brandenburg Gate to a police motor cyclist accompanying the royal party who had been taken ill. The Queen was shepherded aside while the Duke of Edinburgh continued to gladhand the crowd.

The royal party boarded their bus for a tour of the eastern city. They made an unscheduled stop at the remains of Checkpoint Charlie, where the Queen disembarked to be presented by a man in the crowd with a small piece of concrete — a fragment of the wall — mounted on a wooden plinth.

After her conducted tour,

the Queen was driven to the Rotes Rathaus, the red city hall in East Berlin. In a speech, she said that the United Kingdom rejoiced that freedom now extended to the whole city of Berlin and to a wider Germany.

"Europe, from the late 1940s, was divided between a free and increasingly successful West and an East shackled by communism. Through all those years Berlin was a focus of hope, an example of freedom and vitality of the human spirit. We must remember the sacrifice of those men and women from the eastern part of the city who, in the dark years, died in their quest for liberty."

□ Buckingham Palace officials acted to defuse anger among Berlin traffic police over their struggle to get medical help for the sick motor cyclist. Andreas Riemer, 29, collapsed while waiting to guide the motorcade down the Unter Den Linden.

Some officers said that the Queen's presence had delayed an ambulance trying to reach him, and complained that the royal party rejected a request for medical help.

Within an hour, several officers were invited to meet the Queen and she expressed concern for Sergeant Riemer's welfare and was told that he was recovering.

Palace officials said the Queen's doctors would have been happy to help, but were not asked.



Hand of friendship: the Queen greeted on her first trip to the former Soviet empire

## Army cuts force downgrading of Trooping the Colour

BY MICHAEL EVANS  
DEFENCE CORRESPONDENT

The Trooping the Colour, the largest and most spectacular ceremonial event in London, is to be scaled down because of planned reductions in army personnel under *Options for Change*. The Queen's birthday parade, a personal compliment to Her Majesty by the Household troops, is to comprise only six "Guards", of 70

guardsmen and officers, instead of the traditional eight, from 1993.

The parade was last reduced to six Guards in 1982 at the time of the Falklands conflict. Archie Hamilton, armed forces minister, said yesterday in a written Commons answer that the number was "sufficient to maintain the dignity of the occasion and an impressive standard of spectacle". The reductions had been agreed with the Queen. Mr Hamilton said that the

ceremonial changes, which affect other traditional events in the capital, had been designed "to have the minimum visual impact".

However, he admitted that the biggest change was the arrangements for the Queen's birthday parade. The number of full-scale rehearsals, known as "Guard Mounting from Horse Guards", are also to be reduced from four to three. "This will produce significant manpower savings whilst

protecting the standard of the ceremony," Mr Hamilton said. Under the revised arrangements, the number of state visits will be limited to two a year, one of which may be in Windsor. At present, there are normally one or two state visits in London and one in Windsor. The announcement follows a review of the army's public duties, made necessary by the decision to reduce army manpower from 156,000 to 116,000 by 1995.

## Minister sidesteps car firms' help plea

BY KEVIN EASON  
MOTORING CORRESPONDENT

TIM Sainsbury, the industry minister, yesterday refused to respond to pleas from car companies for intervention to aid the motor industry, facing its third year of depression.

Mr Sainsbury, at the British International Motor Show, said that although the trade and industry department, headed by Michael Heseltine, wanted more contact with industry, it would not respond to every call to act. He said: "We have to strengthen our understanding of business and we have to have a continuing high-level dialogue with every sector of British industry. But I must add a government health warning — strengthening the dialogue does not mean we will always agree with your representations."

The minister was challenged by Colin Hope, president of the Society of Motor Manufacturers and Traders, who said that the UK home market posed manufacturers' most serious challenge.

Mr Hope said: "The kindest thing you can say about the government's economic policy is that it is muddled. We really are in danger of losing all that we have painstakingly built over the last few years. If the UK market continues to contract, or fails to expand, motor industry investment could take place elsewhere in Europe where a bigger marketplace exists. It must be an absolute priority for the government to spell out its programme for development of our manufacturing base."

Sales of new cars are expected to fall to 1.55 million this year, the lowest industry total for a decade and 750,000 below the 1989 peak. The pound's devaluation has seen Ford raise the price of imported models this week.

But Albert E Sharp, the Birmingham stockbroker, yesterday said the devaluation might bring Britain's motor industry an unexpected boom, with the trade deficit in motor products becoming a £4 billion surplus by the mid-1990s.

## Bouncers face the domino effect

BY RONALD FAUX

BOUNCERS, those large-shouldered gentlemen skilled at putting a swift end to unruly disputes, have been called in to watch over the British domino championships.

A recent round of the competition at the Royal Spa Hall in Bridlington, Humberside, ended in chaos after disagreement between players and supporters from the Rock and Fountain pub in Shrewsbury and Branley workingmen's club. A player who thought he was on the verge of victory apparently mistook the number of holes in the crib board and an argument broke out.

Keith Masters, one of the organisers, said:

"Some supporters were quite well oiled and became very excited. A dominoes championship is usually tense but calm. On this occasion it was not. A table with 200 beer glasses on it was overturned, some supporters were balancing on the edge of a 20ft high balcony and a telephone was pulled from the wall."

As a result of the rumpus, the Rock and Fountain, which went on to win the trophy, has been banned from future championships and the organisers have called in the services of "security specialists" to police the next competitions, in December. "We prefer not to call them bouncers but they are all big lads," Mr Masters said.

At the Rock and Fountain, where the trophy is on proud display, a spokesman for the team said a fuss was being made over nothing. "One or two of the lads got a bit excited and were shouting but they were being served with beer 15 hours a day in the expectation that people would not get drunk."

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## Docklands developers are forced to the wall by high cost of empty offices and flats

### Rents plummet as property firms feel the pressure

Will John Major's push for jobs and growth bring good news to London Docklands? A *Times* survey shows there to be an urgent need

By Rachel Kelly, Property Correspondent

THE inn sign that swings outside the new Cat and Canary in London Docklands shows a fat cat locked inside a golden birdcage. It is a cruel irony that the sign has become symbolic of the cluster of fat cat developers caged in by receivers and administrators.

The 43,000 sq ft occupied by the Cat and Canary promises to make a profit for Fullers Brewery, but more than five million square feet of Docklands developments remains stubbornly empty. A survey for *The Times* shows that accounts have at some stage been called in to about 15 developments and that prices of commercial and residential property continue to fall.

Early forecasts of offices attracting rents of £30 a square foot or more are now a bad dream. A mere £5 a square foot can be negotiated, perhaps less. Ninety per cent of deals on offer involve rent-free periods, and leases have shrunk from 25-year terms to 10 years or under.

Commercial development is concentrated in the heart of Docklands at the Isle of Dogs. Further east, the Royal Docks area is expected to be the focal point of development over the next five to ten years. An additional 4.8 million sq ft of office space is scheduled for development in the Royal Docks over the next ten years.

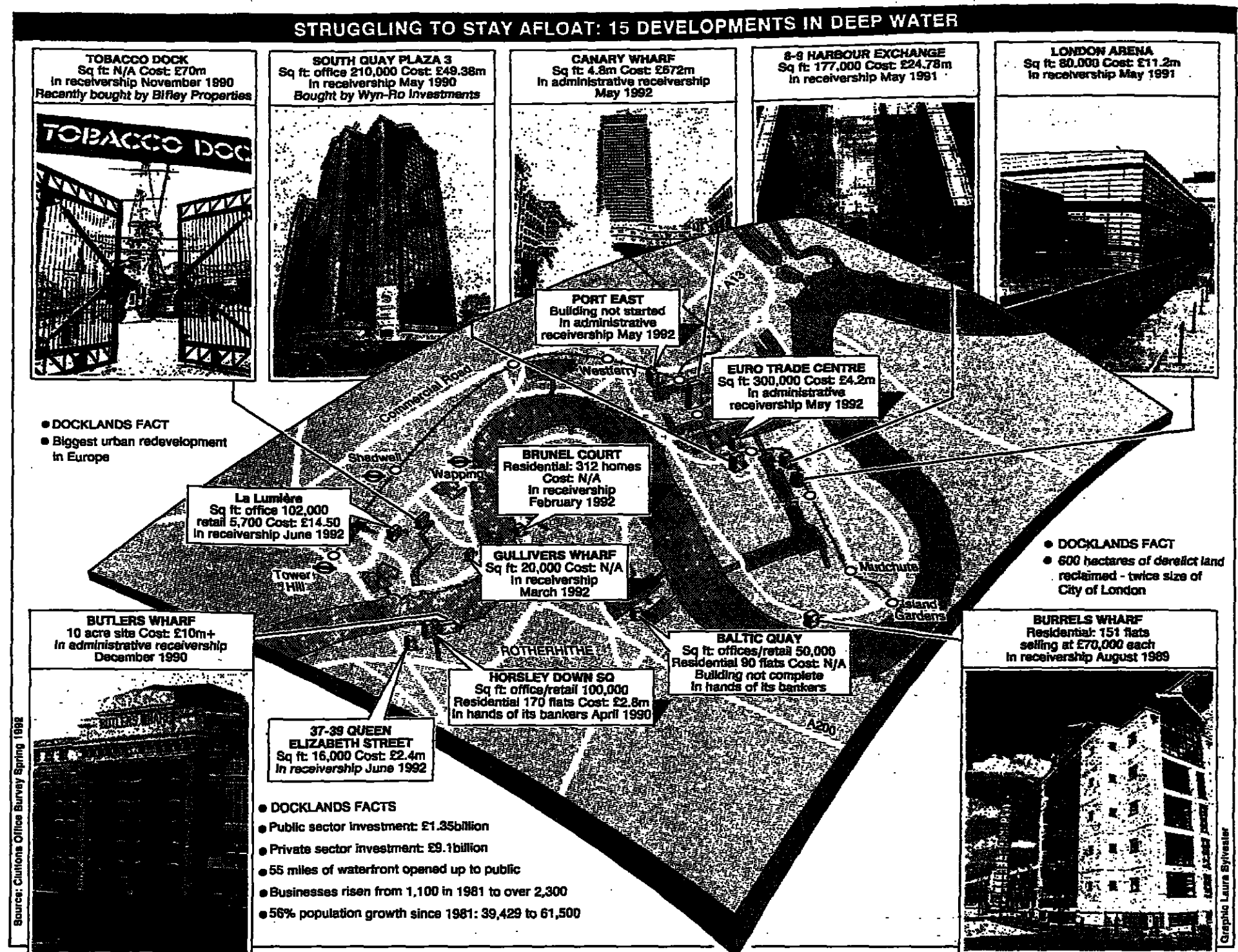
Such development looks uncertain until the prospects for commercial development in Docklands and the Isle of

Dogs recover. Meanwhile, poor transport and over-emphasis on expensive property continue to dog the housing market. The yuppies that many developments were intended for have failed to materialise.

The residential market has seen prices drop by as much as 50 per cent and developers are still slashing prices, with the biggest drops seen in penthouses and luxury flats. At Vogan's Mill near Tower Bridge, prices have dropped by up to 50 per cent from 1988 levels. At New Crane Wharf, Heron Homes have also dropped prices by up to 50 per cent and there are price falls too at Free Trade Wharf, Limehouse Basin, and Burrells Wharf.

The depressing news will disappoint the London Docklands Development Corporation, which has launched an image-saving campaign to revive the area, using adverts with characters who are "knockers" or "dockers". The "knockers" wish that Docklands had never been built. The "dockers" welcome the development and boast of savings in overheads and the ease of flying from City airport.

Richard Cotton, a partner at Cluttons, the agents who did the survey, said: "Canary Wharf is still quoting rents of £25 to £30 a square foot. Nobody knows exactly what rates they are achieving, but the fact that Tower Hamlets



council might move in, with the modest rents it can afford, shows how low rents are."

At least five property companies have gone into receivership or administrative receivership in the past six months, adding to the high-profile companies already in trouble, such as Olympia &

York, which went into administrative receivership in May, and Butlers Wharf, which went into administrative receivership in December 1990. Cluttons estimates that only 100,000 sq ft has been let this year compared with 350,000 sq ft last year. The pressure on developers is intensifying as

the costs of keeping property empty rise. Four months ago, the enterprise zone status of the commercial part of the Isle of Dogs ended, and developers now have to pay "empty rates" of about £3.50 a sq ft as well as maintenance costs.

The only interest in renting commercial space is coming

from small businesses and the government. The latest firms to move in between July and September include Enslight Insurance Services, which rented 24,000 sq ft at South Quay, Western International University of Phoenix, Arizona, and Planet 24. Bob Geldof's television company,

instead of the international corporations, banks and media companies originally envisaged. Both the environment department and the transport department are considering renting space there. The "dockers" cling to the hope that the Jubilee line will be extended into Docklands,

and this week London Underground held out the prospect of moving up to 2,000 staff into Canary Wharf - "but not if the line is not built". If the line is approved, the "dockers" believe that the market could quickly pick up and perhaps persuade Fullers to let its cat out of its cage.

### Days in the doldrums leave humour in short supply

With race leaders less than 1,000 miles from Rio, end of stage one, Vivien Cherry, skipper of *Coopers & Lybrand*, reports

IT WAS not so much complacency that was our undoing in falling back from our early lead as making the wrong decision, staying on a central course to cover the fleet instead of going for the coastal route. We were really penalised for that, dropping from first to last, and are now lying ninth on total distance to go.

The doldrums are passed and we await the Atlantic's southeast trade winds. The doldrums were not what I expected; only one or two days of intense heat and no wind, with some sudden squalls of torrential rain. The rain and clouds were a welcome relief from the heat, and a good excuse for a fresh-water shower.

Water on board has to be rationed for luxuries such as washing, because we must make our own fresh water with a desalination unit, run whenever the engine is charging the batteries. Production in this warm water is about 30 gallons an hour, but the expected rate in the southern ocean would be half this.

We need to be aware of the water used, especially in this heat. On an individual basis, this is achieved by filling water bottles three times a day. The bottles are the type used by cyclists, making it easy to sip on demand, avoiding the danger of dehydration. The equator is less than a day away and crossing-the-line preparations are under way. John, the only one on board to have crossed



Coopers & Lybrand

before, is to be Neptune, whose rituals involve barbers, bears, serpents and creatures of the deep. Strawberry whip dessert, mixed with whatever else is spare, will be the dunking medium, an essential part of the initiation; the rest I leave to your imagination.

*Coopers & Lybrand* now has that lived-in feeling. Family photos, soft toys and individual stowages of string and netting make our yacht home for the eight-month race. Our daily routine has settled into a duty watch period of two hours sailing the boat, which in the vessel's helm, sail trim, writing the log and lookout. For the next two hours, this watch stands by to assist the duty watch with all manoeuvres such as sail changes, tacks, gybes and reefs, and making the hot chocolate.

Four hours off watch follow, a time sacred to sleeping and eating. Not all off-watch time is required for sleep, so this

becomes the games session: a very rowdy form of Pictionary is the current hobby. This has nurtured drawing talents also displayed in the daily cartoon on the pipe board in the saloon. No incident escapes the wit of these artists, from Richard's fishing exploits to Murray's washing adorning all guardrails. For the record, Richard had a cat.

Another pastime is to invent and test ways of swimming, dunking and being towed by the yacht. Today's version had the victim in a climbing harness, attached to the spinnaker halyard; as the boat heels, the victim is suspended above the water and then lowered enough to get wet by skimming the surface.

With the rising heat, temperatures can get short. Add some slow and frustrating sailing, mix with 14 people, bake inside a steel hull and stand well clear. Standing clear is not an option, so instead we have a "sense of humour failure" board. Only two failures are allowed a day, and each is marked out of ten. Top of the list was David when inadvertently woken two hours early for his watch. After the comments and the inevitable cartoon, he was all smiles again.

Regular contact with other challenge yachts occurs twice a day in an inter-yacht chat show. This gives information on all the others' positions and provides a few seconds of competitive banter. Sightings of turtles and breakfasting on flying fish are no longer worth reporting, so we invented a challenge; for the results, wait for the report from Rio, where the final is to take place. A race competitor has interrupted his battle with the Atlantic to propose to his girl friend (Tim Jones writes), Carol McBean was at home in Swindon when Michael Martin, 52, who is crewing with *British Steel II*, radioed her from 623 miles out in the ocean. Carol, 41, a publisher, accepted his offer and will fly to Rio to be married next month on the yacht in harbour. She will be given away by Chay Blyth. The couple will have a four-day honeymoon preparing the yacht for the second leg of the race.

Race report, page 44

### When it pays to complain

By Robin Young

BRITONS are slow to complain and British companies sometimes even slower to respond, yet when they do their generosity can verge on the prodigal, according to a study by Dr Vince Mitchell of the Manchester School of Management.

Dr Mitchell sent a standard letter of complaint to 233 companies whose grocery products had been randomly selected. The response rate was 81 per cent and replies took on average eight working days. Dr Mitchell's complaint letter was vague, to see how manufacturers reacted. More than a third wanted the sample returned. While almost a quarter of the companies sent no compensation, postal orders, vouchers, product samples, cheques and coins showered in from the rest.

Compensation and reimbursement varied from 40p to £6, with one in six firms sending £3 or more when the maximum price of any product was £1.50. Dr Mitchell reports in *Consumer Policy Review*, the Consumers' Association journal.

### Business school head starts legal battle over sacking

By Matthew D'Ancona, Education Correspondent

A LEADING business school faces a legal battle with its former head, who claims that his removal in June was unreasonable and reflects serious tensions within British business education.

Paddy Fitzgerald, whose contract as academic dean at the European Business School in Regent's Park, London, was not renewed this year, is taking his case to an industrial tribunal, claiming he was "marched off the premises". He said that his removal followed a series of disputes about funding, quality control, and the ownership of the school, which has 450 full-time students and advises the BBC.

The recession, he said, was forcing business schools to downgrade research and maximise profit from intensive teaching. "The conflict is between having academic battery-hens or allowing people to develop courses and do the research which underlies them." Research was now non-existent at the school, he said.

Derek Langham, chairman of the managing council, declined to discuss Mr Fitzgerald but said that the school was expanding successfully. "It is no easy task to create a positive

revenue position in today's climate but our first objective is to provide the best educational facility available." The school had recently applied for a new research fund.

The disagreement is being watched closely by other business schools, some of which are finding the transition to learner times difficult. Tom Cannon, former director of Manchester Business School, said that the recession had accentuated the long-running debate on the path Britain's 90 business schools should take. "A few years ago they were all pushing for expansion but the growth has now levelled," he said. Some



Fitzgerald: taking case to tribunal

schools were turning away from formal MBA courses to shorter programmes tailored to the needs of individual companies.

Ray Wild, principal of Henley Management College, said that his college had preserved a healthy research function by seeking commissions directly from companies.

The attorney-general is to investigate a London student union after allegations of political campaigning in breach of its charitable status.

Students at the University of Greenwich passed a motion on October 12 affirming their union to the Anti-Nazi League, which the libertarian Campaign for Student Freedom claims is a misuse of charitable funds. Student unions are already campaigning against government proposals to introduce voluntary membership to the "last closed shop". Don Foster, Liberal Democrat education spokesman, said yesterday in an open letter to the National Union of Students that the planned reform demonstrated a "complete misunderstanding of the essential role these organisations play" and was "intended to divert attention from the real problems in higher education".

### Newspaper assets released

A judge yesterday ruled that £2.3 million of a Scottish newspaper's assets frozen by a senior Queen's Counsel pending a defamation action should be released.

Lord Abernethy at the Court of Session, Edinburgh, said that *The Herald* newspaper should instead lodge a £400,000 security on behalf of Robert Henderson QC, who is suing George Outram, publishers of *The Herald*, and three of its journalists for £750,000 in a defamation action. Lord Abernethy said £400,000 was a more appropriate sum for a security.

### Refugees land

Forty-one refugees from the former Yugoslavia have arrived by ferry at Harwich, Essex, from Hamburg. The group is believed to have been financed by Islamic communities in Hull and Edinburgh. The Home Office has granted temporary admission.

### Deer survives

A rare deer has been sighted on a remote island off the Welsh coastline. Wildlife experts believe the Muntjak deer swam three miles across one of Britain's roughest stretches of water to reach Skomer Island. Dyfed after falling off a cliff.

### Disease spreads

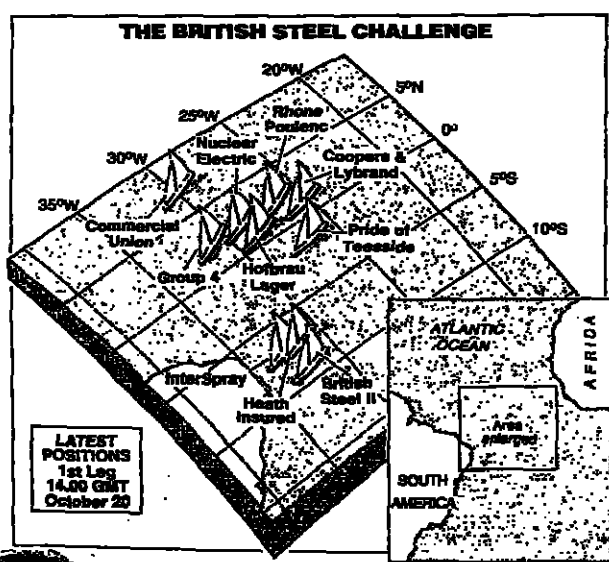
Several cases of the deadly bee disease varroasis have been detected in hives in the Felixstowe and Ipswich areas of Suffolk, the agriculture ministry said. Restrictions have been imposed.

### Writer's award

Rachel Kelly, *Times* property correspondent, has won the National Home Improvement Council's 1992 Journalist Award, for her "outstanding contribution to debate and comment on housing policy and home improvement".

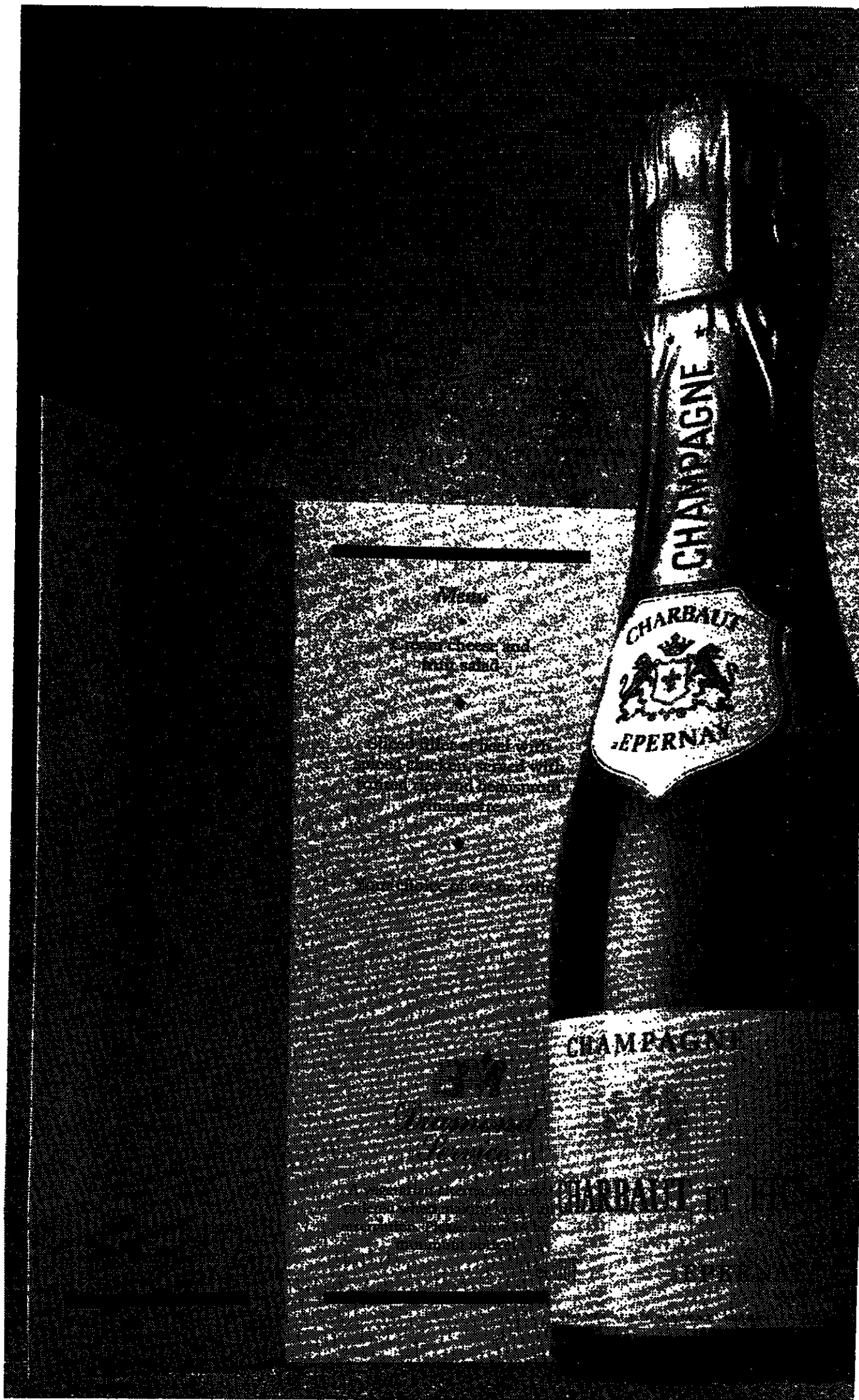
### Dietrich allure

Mariene Dietrich's favourite bracelet tripped its estimate at Sotheby's in New York, selling for \$990,000 (£611,000) to an anonymous buyer. The 1930s ruby-encrusted bracelet was designed by the Paris jeweller Louis Arpels and had a leather case bearing her initials.





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MPs are offered a 'genuine review' as Labour widens power industry debate

## Heseltine promises new study on fate of threatened pits

By Robert Morgan  
Parliamentary Staff

THE government is to publish a white paper early in the new year on the future of the 31 pits named last week as destined for closure and on the coal and energy industry generally, Michael Heseltine told the Commons yesterday.

The ten pits which were not reprieved on Monday may still be kept open, he made clear. They will be put on a care and maintenance basis. Under the review procedure before a pit is closed, British Coal is under an obligation not to do anything which could prejudice the outcome of that review, Mr Heseltine told MPs. The president of the board of trade also undertook to look again at the legislation on the privatisation of the electricity industry if that legislation is found to be flawed, as many Conservative MPs have argued.

Mr Heseltine, who was subjected to a barrage of interruptions as he set out his plans, said that the white paper would be set in the context of government energy policy and the economic consequences of that policy for British Coal, the implications for individual pits and the employment prospects for the industry.

Throughout his speech, Mr Heseltine was interrupted and barracked, and at one time it appeared that the House might have to be suspended. But the heckling influenced one potential Conservative rebel to support the government. Michael Carriss (Great Yarmouth) declared that the behaviour of Labour MPs had persuaded him to support Mr Heseltine in the lobbies.

Mr Heseltine undertook to listen carefully to the many points being made about the future of the coal industry, particularly those being put by

■ During a noisy Labour debate on coal, Michael Heseltine pledged a white paper on the mines' future

Tory MPs. "I believe I will be able to address their concerns," he said. "I intend to look separately at every one of the 21 pits in question and decide whether the case for closure has been fully made."

"I have today invited Boyds, an international mining consultancy of world repute, to report to me on the viability of those pits, on the prospects for British Coal, including any alternative markets that may exist for its product, and to comment on the competitiveness of British Coal as an organisation."

"I shall be having discussions with the generators and the 12 electricity companies to satisfy myself that the market prospects for coal have been correctly assessed and that no company is abusing its position in the market place."

"I shall of course consult the regulator charged by Parliament with these responsibilities. I will report to the House on the level of coal stocks both at the pithead and at the power stations. I will consider whether the plans to run them down are reasonably based," Mr Heseltine said.

"I will set out to the House the consequences of the switch to gas and the whole question of whether gas is cheaper. I will produce for the House the latest estimate of the likely reserves of gas and the conclusions we draw from this."

"I will report to the House on the present scale of gas-generated power stations in production, in build and in the planning process, and will

review the use of the consent powers as foreshadowed by my predecessor (Peter Lilley) in his statement of March 9."

At this point Robin Cook, the shadow industry secretary, interrupted to ask why Mr Heseltine had not done all these things before announcing last week's decision. Mr Heseltine said the government had considered all these things but the House wanted better and further details. "I will be considering whether it is sensible to mothball some of the 21 pits which were to be closed. I will examine once again the opportunities for the private sector in the production of coal."

"Finally, I will report on the existing and anticipated level of imports and the wider economic implications of these. Throughout this process I will be pleased to receive the views of all interested parties both inside and outside this House. The consultation process will be aimed at considering all views without restriction and they will have no pre-ordained outcome. The concerns of this House will be fully met in that respect. It will be a genuine review. It will need all the three-month period."

Mr Heseltine warned MPs that demand for coal from the electricity generators would fall from 65 million tonnes this year to 40 million tonnes at most next year and only 30 million tonnes thereafter.

Neil Kinnock, the former Labour leader, intervened to say: "You have invested so much in your judgment that the economic case for the closure of 31 collieries is, in your words, 'absolutely unan-



Off to battle: Mr Heseltine leaves his London house yesterday before the debate on pit closures

swerable', that nobody can realistically believe that you have got what the prime minister calls 'an open mind'."

Mr Heseltine denied reports that more pits were to be added to the list of 31. "I have instructed British Coal that there is to be no change in the number of pits on the closure

list," he said. "It is ten and there will be no change in that number. I hope there will be no room for doubt about that number."

Economic recovery, page 2  
Times blueprint, page 18  
Leading article and letters, page 21

## Cook presses Opposition case for full-scale energy review

By Arthur Leathley

LABOUR

LABOUR last night seized on the government's discomfort over pit closures to press home demands for a full-scale energy review stretching far beyond the future of the coal industry.

Robin Cook, Labour's shadow industry secretary, made it clear in the House of Commons that simple reconsideration of the pit closure programme would not be sufficient and had to be part of a full review of Britain's energy policy.

Mr Cook capitalised on the public's anger and the unease among Conservative backbenchers as he pledged to fight a relentless campaign over the closure of 31 pits, and demanded significant changes to the control of the electricity industry.

In a powerful speech at the start of an Opposition debate on the future of the coal industry, Mr Cook concentrated on exposing Mr Heseltine's own difficulties during a week in which the government has already been forced to change direction.

Labour was particularly anxious to highlight the anomaly of Britain using imported coal which was more expensive than domestic supplies. "What other country in Europe would be daft enough to make itself dependent on imported energy when it is sitting on hundreds of years of coal reserves?" he asked.

Mr Cook called on Mr Heseltine to take control of the electricity companies to ensure that they bought the cheapest fuel available. The president of the board of trade would be hounded until he showed the courage and humility to admit that he was wrong over plans to shut the pits.

"He should now admit he got it wrong and promise that there will be a real review of energy strategy," Mr Cook insisted.

"If he does not show that courage I warn him that we will harry him at every turn. We will press the case of

reserves."

He made capital out of the prime minister's comment yesterday that the frenetic atmosphere of the Commons had prevented Mr Heseltine from giving full details during his two-hour statement on Monday. To cheers and laughter from the Opposition benches, Mr Cook said: "The great communicator was unable to express himself in the frenetic atmosphere of the House."

He also demanded to know who was responsible for the government's energy policy, after Lord Wakeham, the Leader of the House of Lords, had given more detail of the planned review of the coal industry than Mr Heseltine had given.

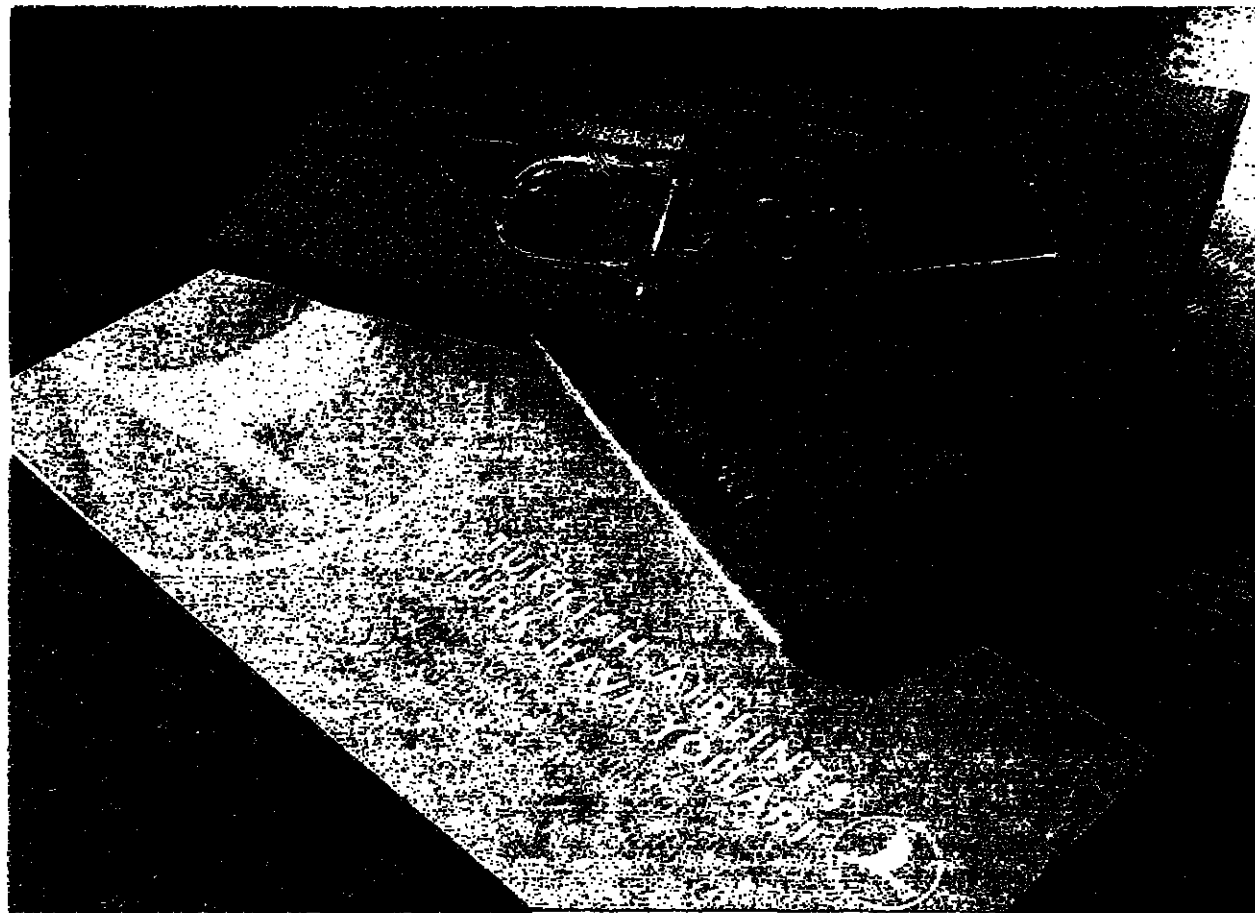
He attacked the government for refusing to review the future of all 31 pits and allowing ten pits to close. "Why shut a fifth of Britain's coal industry before we get the answers? They are closing pits to buy from a more expensive source and he should not let them get away with it," Mr Cook said.

Mr Cook said Britain was left with an "energy strategy that makes no sense to consumers because it leads to higher prices; no sense to the economy because it leads to higher unemployment and deeper recession; no sense to national security because it wrote off access to coal



The case for coal: Robin Cook at the dispatch box

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'Labour has ensured that Mr Heseltine has my support'

# Rebel Tories slip back into cabinet camp

By Robert Morgan and John Winder

THE Tory backbench rebellion over the government's attitude to the coal industry was fast disappearing as the crucial Commons debate got under way last night. Any wavering was swayed back behind the government by the barracking of Labour MPs as Michael Heseltine, president of the board of trade, set out in detail how he intended to conduct a review of coal and energy policy.

Michael Cartiss, the Tory MP for Great Yarmouth, spoke for many when, with the House in near uproar, he pointed across the chamber and said: "Those people have ensured that this man (Mr Heseltine) has my total support."

His comment was greeted with loud cheers and waving of order papers by the massed ranks of Conservative MPs.

Th wounds in the party started to be bound up on Monday after the prime minister had lunch with the executive of the backbench 1922 committee. John Major was said to have aimed some sharp comments at Sir Marcus Fox, the chairman, who last Friday said the pit closure programme was "unacceptable".

Although Dr Michael Clark, a leading rebel, stuck to his guns yesterday's debate, there was not the avalanche of criticism which party managers had expected over the weekend.

Malcolm Bruce, trade and industry spokesman for the Liberal Democrats, extracted from the government an assurance that miners who lost their jobs after all would not suffer because of the deferment of closures announced in the past few days.

Mr Bruce when he said that miners were anxious about how their payments might be calculated. The minister said he had instructed British Coal that no miner must be disadvantaged by the announcements of the past few days.

Mr Bruce nevertheless urged Conservative MPs to vote against the government, telling them: "If you back the government, you will live to regret it and so will your supporters." He called for a more fundamental reappraisal of energy policy.

"A defeat for the government tonight would be welcomed, even by most Tory voters."

Mr Bruce said he found it difficult to see how a government which had persisted in mismanaging energy policy for so long would come back in three months with a substantially different policy, but to suggest that there was no alternative to one's policy was the last refuge of the scoundrel.

Coal faced a squeeze in the market, not because of the inevitable forces of the market, but because it had been put at the end of the queue for privatisation, after gas and electricity.

He suggested that the moratorium should apply to all 31 pits, as the only basis of credibility for a genuine review, rather than simply a stay of execution.

The first Conservative backbencher to speak, Michael Alison (Selby) has one of Britain's newest coalfields in his constituency and said that it was to those pits of the future Mr Heseltine should look and not be mesmerised by 19th century pits reaching the end of their natural lives.

He was followed by Kevin Barron (Rother Valley, Lab) from the South Yorkshire coalfield, who protested that coalminers were being prevented from going down pits to prove their continued viability.

The Conservative government had rigged the market for nuclear power. How could



Sir Marcus Fox leads the way as Tories rally behind the government

anyone believe that it would conduct its energy policy in a proper way when it had never provided a level playing field for coal in the past?

Sir Rhodes Boyson (Brent North) called for a full and total open review, which would cover the whole issue of energy policy. He also said that the government had to make employment a priority and not concentrate only on inflation, particularly as it

appeared that Britain was in danger of slipping from recession into depression. "I would welcome nil inflation but I don't want nil inflation if there is nil employment."

He thought that "energy pricing had been rigged against the miners. That should be looked at." The policy of discarding 250 years worth of coal for the sake of 20 years of gas supplies was "quite suicidal."

He said that British Coal planned to reduce prices to the same level as world costs by 1995. "What are we thinking of cutting out 60 per cent of the coal industry within two years of getting down to world coal prices?" He demanded that the government commit itself to clean-burn technology for coal-fired power stations.

## Opponent stands firm

By Arthur Leathley

DR MICHAEL Clark, one of the most senior and vociferous Tory opponents of the pit closure programme, insisted that he would not support the government unless all 31 collieries were included in the review. But he added: "I shall not be voting against the government but for the coal industry."

The former chairman of the now defunct Commons' energy select committee said that the government had repeatedly ignored the advice of select committees and he doubted that it would take notice of any report by the trade and industry select committee, of which he is a member.

He was fired of the government investing in the demise of industry through redundancy payments. "The government, in offering these massive redundancy terms has misread the mood of the public in this country who do not want redundancies and misread the mood of miners who do not want charity money."

## PM 'under stress' story is attacked

By Jill Sherman, Political Correspondent

An article in *The Times* alleging that Mr Major is under intense pressure, has suffered weight loss and is lonely was subject to an extraordinary barrage of criticism from Downing Street yesterday.

At a lobby briefing officials went to great lengths to criticise details in the article, that portrayed the prime minister as a man subject to immense stress.

Sir Norman Fowler, Conservative party chairman last night issued a statement accusing *The Times* of "inaccurate and malicious" journalism.

The report suggested that Mr Major was under enormous strain, had lost weight, ate junk food. It also referred to a widely reported rumour that he had had a "nervous wobble" on "Black Wednesday".

Peter Stothard, the editor of *The Times*, said he stood by the story and pointed out that it had come from a number of sources who supported John Major. "The report by Graham Patterson and Andrew Pierce arose from an investigation of reports circulating widely in London about the prime minister's health on September 16. Several well placed sources, none of them Euro-sceptics and all of them sincere supporters of Mr Major, said that his problem was one of excessive stress and inadequate personal support. That was

the purport of the article in *The Times* by which we stand."

Sir Norman responded: "In seeking to justify their report on the prime minister the editor of *The Times* is defending the indefensible."

Downing Street claimed the material had been "planted" by Tory Euro-sceptics anxious to give the impression that Mr Major did not have the stamina to govern. "We all know where this is coming from and it has got no relation to the current debate. An official said: Officials said it was "total nonsense" that Mr Major had cracked up on the day Britain withdrew from the ERM. They also denied that he had lost weight, eaten junk food or tinted his hair. They said the prime minister had laughed at the article.

They made much of the fact that Sarah Hogg, head of the Downing Street policy unit, reported to have two young children, in fact had children aged 19 and 22. The prime minister's press secretary, Gus O'Donnell, had a two-year-old daughter not a baby as reported.

Downing Street said: it was "amazed" that the editor stood by the story. "We will just have to go through it line by line and make clear it was wrong."

Unfited but healthy, page 1

## Ashdown warns MPs against 'silliness'

By Philip Webster, Chief Political Correspondent

PADDY Ashdown has told senior Liberal Democrats that they must take a grip on the internal management of the party to avoid its public image being damaged.

In a confidential strategy paper circulated to Liberal Democrat MPs last night Mr Ashdown comments on last month's party conference, and says there was an impression that some of the "silliness and unattractiveness" of the old Liberal party was re-emerging.

The conference in Harrogate was marred, in the eyes of senior Liberal Democrats, by a return to what many saw as

old Liberal habits of voting for "off-the-wall" motions, indiscipline, and self-indulgent attacks on the leadership. It was dominated by the debate over closer links with Labour.

In a discussion of tactics Mr Ashdown tells his MPs that the prime minister's personal standing has been greatly reduced. "The charge we were the first to make against him of failure of leadership has now been picked up by Labour and has stuck. I am told he finds it personally wounding. He is especially sensitive to personal criticism and being made fun of."

## AROUND THE LOBBY

### 110 jail escapers still free

One hundred and ten prisoners out of nearly 1,500 who escaped in the last four years are still at large or unaccounted for, Peter Lloyd, a home office minister, said in a Commons written reply. Between June 20, 1988, and August 31, this year, 1,461 prisoners, some on remand, escaped in England and Wales.

By the end of August, 1,348 had been recaptured, after an average 29.5 days, and three were known to be dead, leaving 101 men and nine women at large. Two were top-security Category A, 10 Category B, 53 Category C, two Category D and 43 not categorised, being on remand, young offenders, civil prisoners or women not in Category A.

### French 'non'

The French government has said that it will not pay compensation for those British businesses and tourists who suffered as a result of the lorry dispute in France last summer. Kenneth Clarke, the transport minister, reporting the reaction in a written reply in the Commons, said that the British government had made clear that it supported the compensation claims. He added the French government had not yet responded to all claims.

### Treasury pay

There are 87 economists working in the Treasury at a total annual combined remuneration of about £2,500,000, Anthony Nelson, economic secretary to the Treasury, said in a written Commons reply.

### Lord Walker

Peter Walker, the former energy minister, appointed to co-ordinate aid to mining communities, was introduced in the Lords yesterday as Lord Walker of Worcester.

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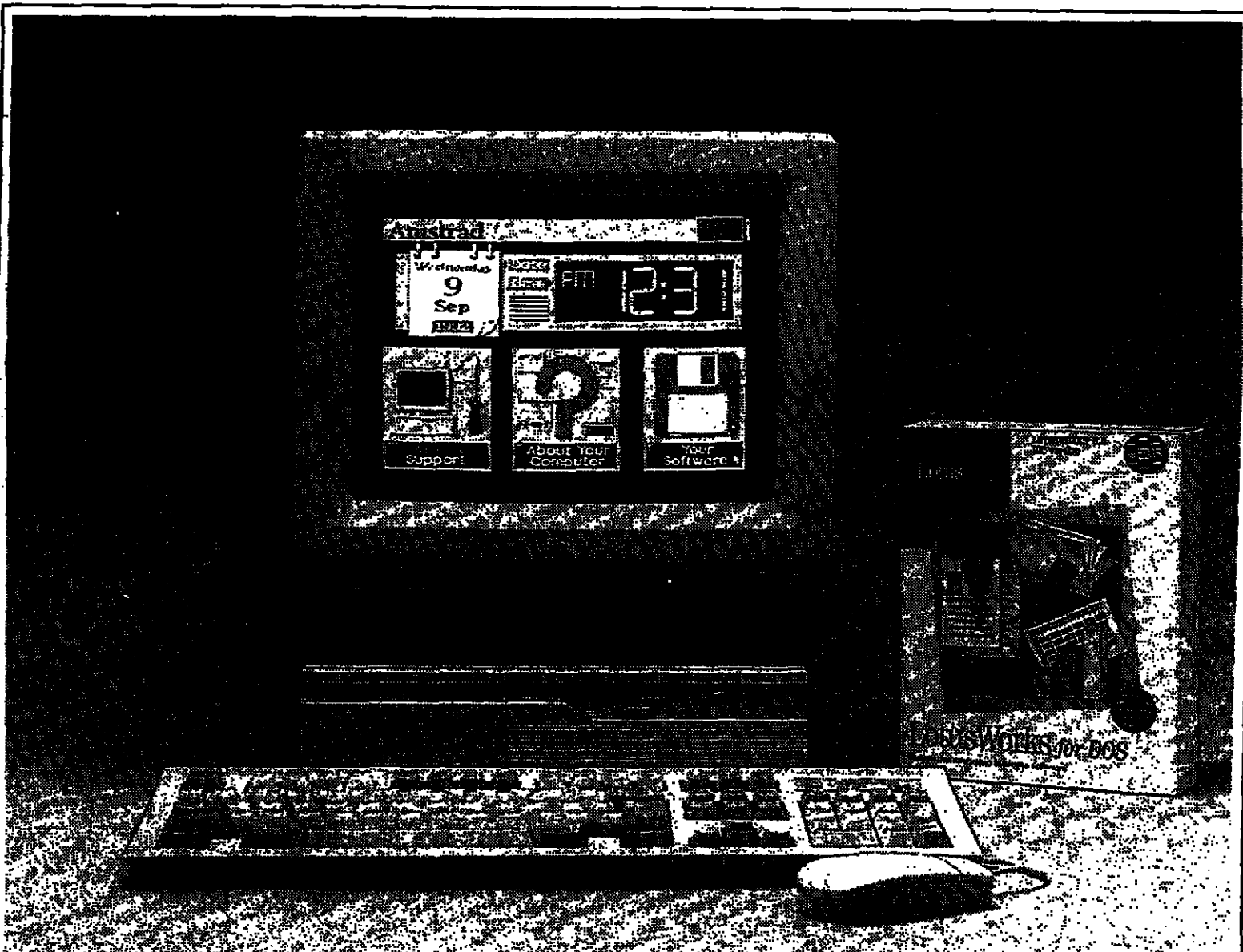
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# Muslim clash with Croats may force UK to move troops

BY MICHAEL EVANS AND OUR FOREIGN STAFF

THE fierce fighting between Muslims and Croats in Vitez, the central Bosnian town chosen as Britain's battle group headquarters, could force a rethink in London.

Malcolm Rifkind, the defence secretary, said yesterday that he had called for a full report on the fighting in Vitez on Tuesday, when British soldiers in the town came under fire. Mr Rifkind said that, from the preliminary reports he had received, the soldiers were not deliberately targeted. It would be "a major concern", he said, if there was a deliberate attempt to attack British troops or any other

the Serbs. However, the fighting between Muslims and Croats in Vitez and elsewhere in Bosnia has emphasised the unpredictable nature of the task facing the British troops.

Speaking after a meeting of Nato defence ministers at Gleneagles, Mr Rifkind said it was the judgment of Brigadier Jenkins that Vitez was a suitable base for the headquarters. Most of the 2,400 troops being sent to Bosnia will be stationed there. "I have no reason to believe that that judgment has changed," he said. However, he added, if it was concluded that the deployment plan needed to be modified, "I will listen very carefully."

The soldiers who came under fire had been trying to leave Vitez by vehicle for the port of Split in Croatia. About 1,000 British soldiers will have arrived in Bosnia by the end of this month. The 1st Battalion The Cheshire Regiment, which will use Warrior infantry fighting vehicles to escort food relief convoys, is due to be fully operational by November 13.

The headquarters in Vitez is likely to be at an old barracks vacated by the national army of the former Yugoslavia, although the buildings are in a poor state of repair. Alija Izetbegovic, the Muslim president of Bosnia, blamed radical Croat factions yesterday for the fighting in Vitez. "Some radical forces on the Croatian side are trying to provoke a conflict there, some radicals who are trying to make a state within a state," he said in Geneva.

Mr Izetbegovic said that he would send a senior military officer to talk to the Serbs besieging Sarajevo. The Bosnian Muslims have boycotted talks because the Serbs have blocked the restoration of utilities to the city. Word of the clashes between Muslims and Croats in Vitez came after eight United Nations relief workers there said that they were trapped by fighting and called for help.

soldiers operating with the United Nations humanitarian mission in Bosnia.

He added, however, that it was inevitable that British soldiers would be close to areas of fighting as they carried out their humanitarian role.

Vitez was chosen as the site for the British headquarters after the original location, Tuzla, farther north, was rejected as unsuitable and impractical. Tuzla, a Muslim enclave surrounded by Serbian artillery positions, has suffered fierce shelling in recent weeks.

A reconnaissance party, led by Brigadier David Jenkins, director of military operations, selected Vitez, northwest of Sarajevo, because the ethnic mix is Croat and Muslim. The two communities are supposedly allied in the battle against



## Fears for British soldiers intensify

FROM ADAM LEBOR IN SPLIT

THE eruption of fighting in Vitez has focused attention on the danger of British troops being caught in the crossfire in Bosnia. The main body of soldiers from the United Kingdom will be arriving in Split in a few days.

The advance party has been working to establish Vitez, already a key distribution centre for relief operations, as the main co-ordinating headquarters for escorting aid convoys on the hazardous journeys through Bosnia. The British force is travelling in Warrior tracked vehicles, which military sources say proved their worth in the Gulf, and in Scimitar light reconnaissance vehicles. Both are armed with roof-mounted cannons. Stores, bulldozers and trucks for the troops are expected to arrive in Split in about a week.

The 80 British troops in Split — some from the Cheshires, some Royal Engineers — will probably be accommodated eventually in a former Yugoslav army barracks in the nearby seaside town of Trogir. In contrast to Vitez, Split and Trogir have been rather more peaceful than the troops expected.

"We got off the plane dressed in flak jackets and all we saw was a lot of well dressed people and expensive cars. But you can see there is a problem here,"

said Sgt Gari Stoker. "Some of the locals think we are a peacekeeping force," said Sgt Stoker, 29, who has been in the army for 11½ years. "They keep asking why we didn't come earlier and are a bit uptight. But we've come here to feed people, and that's what we are going to do."

The British troops, like all other members of the multinational force in the former Yugoslavia, wear a blue UN beret and white badge, as well as their own regimental insignia. But while morale is so far high among soldiers and officers, there is still a belief that the British troops have drawn the short straw in the Bosnian war zone.

The area around Vitez is volatile and the troops will have to escort aid convoys to beleaguered towns across front lines, often a fraught and perilous undertaking. Underneath the genuine belief that the British military contingent will make a key contribution to saving lives in the harsh Bosnian winter runs a strong undercurrent of concern.

The conflict in Bosnia is not like the Gulf war, which was run from headquarters and banks of computers. It is an anarchic, confusing, fluid and vicious confrontation, often with little or no regard for the human rights of the civilians caught up with it.

## Sarajevo battle halts UN airlift

FROM DESSA TREVISAN IN BELGRADE

FIGHTING in and around Sarajevo brought the international relief operation there to a halt yesterday. A UN spokesman said that all air relief has been suspended indefinitely because of fighting between Serbs and Muslims close to the airport.

Larry Hollingsworth, the UN logistics officer in Sarajevo, said the UN High Commissioner for Refugees had ordered the suspension because the air corridors into the Bosnian capital had become too dangerous.

A British and a Canadian plane delivered supplies to the capital yesterday morning, but 12 remaining shipments were cancelled. An American plane was forced to return to Zagreb without landing. On Tuesday, 15 planes reached the airport with 141 tons of aid, far short of the 200 tons needed daily to supply the city adequately with food and other essentials.

The relief flights, hampered by bad weather and repeated blockades of the road linking the airport to the city, are crucial because of the virtual halt in overland relief shipments.



Victors and vanquished: near Maglaj, central Bosnia, Serb troops give their three-finger salute from a truck holding Muslim prisoners

ments. Serbian sources claimed heavy fighting near the town of Trebinje in Bosnia-Herzegovina, and said that the Croats had launched an attack from the territories south of Dubrovnik, which only less than 24 hours before had been evacuated by the

Yugoslav army. Belgrade radio said that strong Croatian forces had been moved to the region after the Yugoslav army pulled out. Now the Serb sources claim that Croats had deployed new armed forces, 16,000 strong, and that the attack began with

artillery fire from Caviat, south of Dubrovnik, with infantry pushing forward and threatening Trebinje. Serb local authorities there have called up all reservists.

Albanians jailed: Nineteen ethnic Albanians were convicted of planning to use violence

to seek independence for the troubled Kosovo province and given sentences from one to seven years, media reports said.

They allegedly belonged to an illegal group, the National Front of Albanians, whose aim is to win Kosovo's inde-

pendence from Serbia by violent means, said Belgrade's *Borba* daily. About 10 ethnic Albanians have died in clashes with Serbian police since the state government three years ago abolished the wide-ranging autonomy enjoyed by Kosovo. AP

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## Gatt prospects fade after Paris rejects US pressure

FROM CHARLES BREMNER  
IN PARIS

THE prospects for a new accord on world trade dimmed yesterday after President Mitterrand said that the United States had offered nothing that could bridge the difference with France over food exports.

"The Americans have made real concessions in the past few days on other trade issues but absolutely none on agriculture," the president told the cabinet in a report on the General Agreement on Tariffs and Trade (Gatt) talks.

Leaders at last week's Birmingham summit publicly stood by France in its resistance to cuts in exports sought by the Americans, but their patience is wearing thin. M. Mitterrand told the cabinet that he valued Germany's support during talks between the Commission and American negotiators in the past ten days, but yesterday Philippe Maystadt, the Belgian finance minister, urged Paris to compromise for the sake of the \$200 billion (£124 billion) worth of trade that experts say will be stimulated by a new

■ World trade talks are on the brink of collapse, but France and America are bogged down by mutual recriminations over food exports, despite an EC call for a compromise

accord in the so-called Uruguay Round. "I understand why it is difficult for France," he said. "I hope my French friends will be able to join their European partners."

France, which is the European Community's biggest grain exporter, has refused to accept any limits on subsidised cereals exports beyond the price cuts and set-aside programme agreed earlier this year in a reform of EC agriculture policy.

The Americans are demanding a 24 per cent cut in the volume of subsidised EC cereals exports over the next six years. M. Mitterrand's administration is convinced that it will face violent revolt by the country's embittered farmers if it gives a millimetre on the American demands.

Last week the Bush administration said that it had made its last offer on agriculture and urged the Community to

reach agreement in the Brussels talks. If no accord is forged by the end of the year, the likely change of American leadership will impose long delays. French ministers are accusing the Americans of forcing their hands for the sake of improving George Bush's election chances.

Over the past week, France has sought to divert attention from the farm dispute by raising two other issues that it says are impeding agreement. It wants the Americans to go back to their computers and produce a new set of figures taking into consideration the effect the devalued dollar on farm trade. Elisabeth Guigou, the European affairs minister, said that it was impossible to negotiate trade in abstraction from exchange rates.

France is also acting as the champion of film-makers and broadcasters against American demands for access to the

European market. Appearing at a European film makers' gathering last weekend, Mme Guigou promised French resistance to American attempts to quash EC quotas on non-EC films broadcast on television. "Whole professions would be condemned" if the Americans had their way, she told foreign reporters on Monday, depicting the farm dispute as just one of several issues blocking a trade accord.

M. Mitterrand congratulated his cabinet yesterday on their "victory" in the battle to protect the franc from devaluation. Michel Sapin, the finance minister, said the tide had turned definitively a week ago. The battle had cost France 160 billion francs (£19 billion) in loans from the Bundesbank. A "considerable part" of that had been repaid, he said. "It is the first time the franc has emerged as the victor from a speculative attack of this type," M. Sapin added.

M. Mitterrand said that the achievement reflected the good health of the economy and M. Sapin said that the German loan had been the primary instrument against the market's "aggression".



White magic: a pearl-bedecked model wearing an embroidered glossy silk jacket from Ungaro's spring ready-to-wear collection in Paris

### LETTER FROM PARIS

## French fume over lost pleasures

BY CHARLES BREMNER

THE French laugh at what they see as the puritanical zeal which is purging America of its pleasures great and small, from sex to mayonnaise. Thanks to the progressive enthusiasm of the Socialist government, however, some cherished French traditions are about to succumb to American-inspired reform.

On Monday, the National Assembly gave overwhelming approval to one of Europe's toughest laws on sexual harassment and, a week from Sunday, the police start enforcing an anti-smoking law so stringent that some experts are predicting civil unrest.

Coming soon after the government's ill-fated attempt to force citizens to drive less lethally and the subsequent mutiny by lorry drivers, the two laws are being viewed in some quarters as an alien plot to rob the country of its ancient identity.

The French are deeply attached to cigarette culture. Local cafes are unimaginable without a cloud of Gauloises and Gitanes, both produced by the state tobacco monopoly.

The state is spending £4 million on an advertising campaign depicting outdoor types saying they are "free and strong" without tobacco, but the message has yet to get through. "How will a smoker be able to pick up a non-smoker?" wondered Patrick Malvaes, president of the national union of discotheques, alluding to the segregation required by the law.

Small cafe and restaurant owners are growing desperate because the law demands they put smokers in discrete, ventilated areas. The rules make proprietors of any place frequented by the public and any workplace liable to heavy fines and prison terms for allowing smoking outside ghetto-like *fumeurs*.

Genevieve Dormann, a Paris writer, was wondering this week why they do not "ban aperitifs and ... while they are at it, deprive the French of the pleasure of faring as well". More allowance for tradition is being made in the matter of *harcèlement sexuel*, a term translated

from the American. The law provides for 12 months' imprisonment for bosses who make menacing approaches to subordinates, but it tries to avoid interfering in the time-honoured play between the sexes.

Veronique Neiertz, the secretary of state for women's rights, deplores the excesses of American sexual correctness where "even the slightest wink can be misinterpreted". Her ministry advises women on the receiving end of unwanted attentions to respond with "a good slap in the face".

A few men have been grumbling in the media about importing absurd US notions, but office *Lotharios* are unlikely to be confronted with any Gallic Anita Hills. According to one survey by *Le Point* magazine, 45 per cent of French women would not consider it harassment if a male colleague invited them to spend the weekend to discuss their promotion.

While raising consciousness about sex and tobacco this week, the government has also been busy trying to revive another of the endangered French pleasures, *gastronomie*.

A thousand chefs, from the great Paul Bocuse to young assistants, visited schools across the country on Monday to give children a glimpse of the art of fine cuisine. *La Semaine du Goût* (better untranslated as Taste Week), supported by Jack Lang, the education minister, is driven by alarm that with the invasion of American fast food and two-career families, the French are no longer passing on their culinary heritage. Students are also being given cut-price meals at venerable restaurants.

While no one is criticising *La Semaine du Goût*, many are questioning the taste of the ubiquitous and media-mad M. Lang. He also chose this week for a heavily publicised operation in which each French schoolchild was asked to donate one kilo of rice to the starving children of Somalia. The result was a 6,000-tonne food shipment and a black mark to the education minister for his timing.

## Britain to get test approval

FROM MICHAEL EVANS  
IN GLENEAGLES

WASHINGTON has emphasised that Britain will be able to carry out tests on nuclear warheads in the United States before the 1996 ban on testing recently agreed by Congress.

Congress voted for a nine-month moratorium starting from October 1, followed by a maximum of five tests each year until 1996. For Britain to carry on testing, Washington needed to guarantee that some of the 15 tests could be carried out by Britain.

Although nothing has been said officially, defence sources at a two-day Nato meeting in Gleneagles confirmed that Washington would permit three out of the 15 to be given to Britain. However, the likelihood of a new president in the White House means there is still an element of doubt.

Malcolm Rifkind, the defence secretary, said yesterday that it was important for Britain to carry out tests for safety reasons and to ensure the "credibility" of the British independent nuclear deterrent. The tests on the warhead for the Trident ballistic missile have been completed. However, tests are required on the warhead designed for a future tactical air-to-surface missile.

The RAF needs to replace the aging WE177 nuclear freefall bomb, although no decision has been taken on whether to go ahead with a stand-off missile. Mr Rifkind said the decision was still "several months away". Officials are studying alternatives for a delivery system.

President Bush did not veto the test restrictions imposed by Congress. However, Richard Cheney, the American defence secretary, said yesterday that Mr Bush had made it clear it was an unwise move. Russia and France have also imposed a test moratorium.

### NEWS IN BRIEF

## Minefield kills illegal immigrants

Athens: Two Romanians crossing into Greece were killed in a minefield yesterday hours before Greek and Turkish officials began talks on stemming the flow of illegal immigrants from Turkey.

Police said six illegal Romanian immigrants were trying to cross the Evros river from Turkey when they stumbled into the minefield. Two were killed instantly, three were seriously injured, and another escaped unhurt. (AP)

## Toll increases

Bad Sassendorf: Two residents of a pensioners' home in this German town died from salmonella poisoning, bringing the deaths in a five-day-old scandal to 15. (AFP)

## Dam dateline

Prague: Czechoslovakia will begin work to dam the Danube by November 3 as one of the first steps of its controversial hydro-electric power scheme. (Reuters)

## Star trinket

New York: A diamond and ruby bracelet worn by Marlene Dietrich in *Stage Fright*, an Alfred Hitchcock film, fetched \$990,000 (£611,000) at Sotheby's. It went to a telephone bidder. (Reuters)

## Ship released

Oslo: Russia freed a Greenpeace ship in Murmansk after stopping it nine days ago as it tried to inspect Arctic nuclear dumps. (Reuters)

## Bugs hunted

Moscow: Russian security officials are helping German authorities remove bugs planted in the new German embassy by the former KGB. (AP)



## Bush takes the track south in search of a last-minute switch

FROM JAMIE DETTMER  
IN WASHINGTON

FIRE by his much stronger performance in the final debate in Michigan, President Bush yesterday displayed newfound determination while on a whistle-stop tour through Southern states and vowed he would emulate Harry Truman's celebrated 1948 come-from-behind election victory.

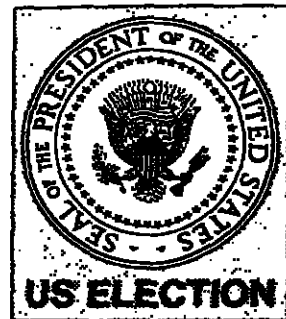
Dismissing the opinion polls and the press as "nutty", the president urged large crowds in small-town Georgia and the Carolinas to remember that there were 13 days to go until polling day.

Speaking from the back of his Spirit of America train, Mr Bush ridiculed Bill Clinton's record as a "failed governor of a small state" and warned boisterous, placard-waving audiences along railway tracks and at crossroads that his Democrat rival was a "waffler" who had deceived people over his Vietnam draft record. "You cannot lead by misreading," he said.

The president focused repeatedly on what he described as a "vast difference in experience and character" between himself and Mr Clinton. "Character is important and you cannot in that Oval Office be all things to all people."

As Mr Bush talked of swing-

■ Opinion polls are dire, but Republicans are dreaming of a Truman-style surprise victory



ing the election around and of catching the Arkansas governor in the final stretch of the campaign, his aides, clearly pleased with Mr Bush's buoyant spirit, pointed to this year's UK election upset as the example they hoped to copy. Citing the final days of John Major's campaign, Fred Malek, a Bush campaign manager, said: "We've seen it happen."

While acknowledging that the president is in trouble across the country, Mary

Matalin, the Bush campaign political director, claimed the election was not over yet. "Our data shows this thing is coming down to taxes and trust. The people are not down to the choice stage yet."

The depth of the problems facing Mr Bush are more than illustrated by the president's whistle-stop itinerary. At this late stage in the election, the president should not need to campaign in Georgia and the Carolinas — the Republicans should have seen them up weeks ago. Next week the Bush-Quayle campaign plane trips to the once rock-solid Republican states of Florida, Connecticut and Maine.

The Bush camp's sudden surge of optimism was not matched yesterday by Republican congressmen and the Grand Old Party's pollsters, who are privately urging the president to concentrate his efforts on states where the party still has a chance to defeat Democrat congressional incumbents.

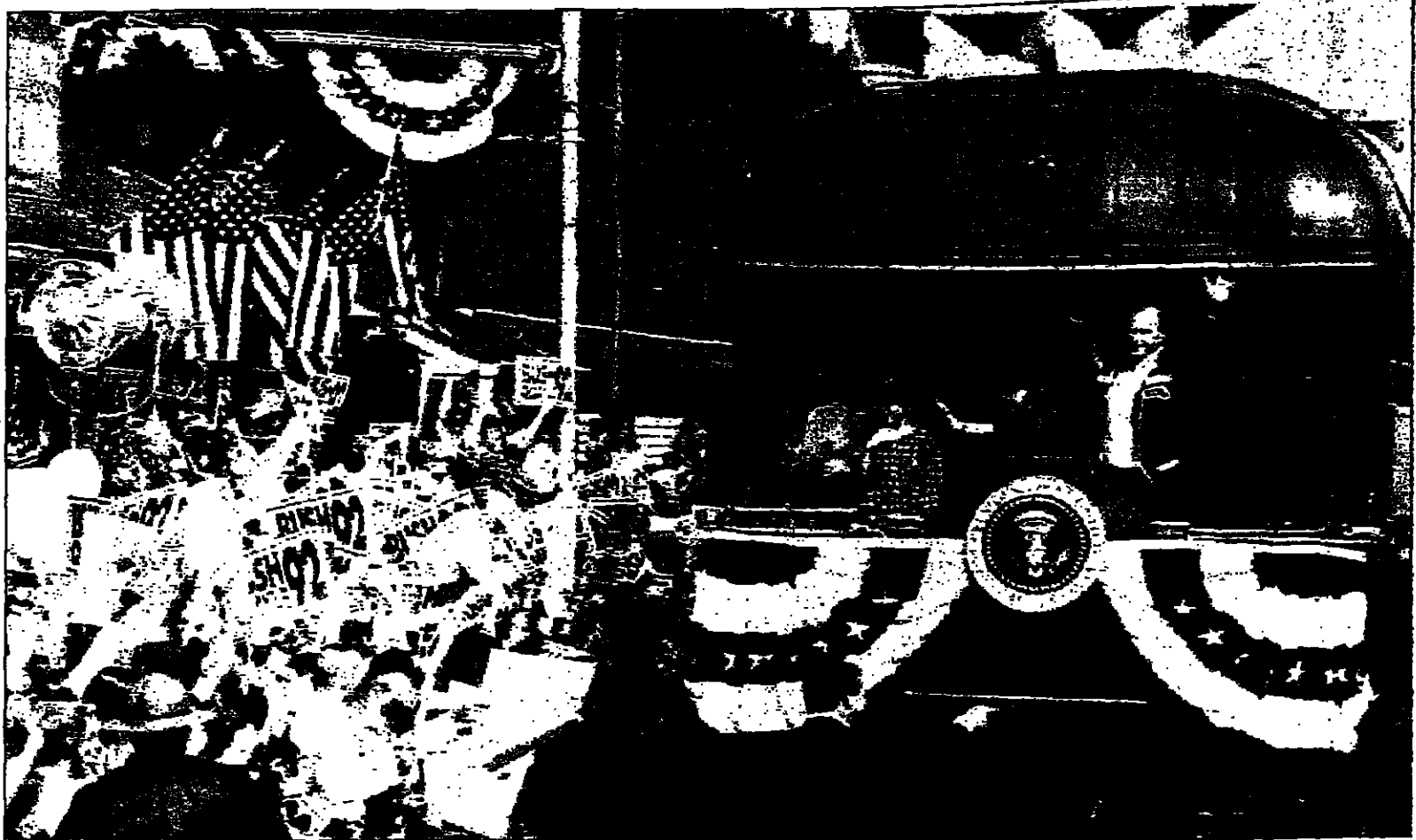
Republican strategists believe they can make gains in the House of Representatives as a result of the country's anti-incumbency mood, but they argue that to do so Mr Bush must help to narrow the 10-15 per cent margin in the polls separating him from Mr Clinton. They are also asking why the Bush campaign has failed to seek help from Ronald Reagan.

"I would have gotten Ronald Reagan involved and used him throughout the South and in the Rocky Mountain states and the West," said a Republican consultant. "When this is over, the question everyone will be asking is why didn't Bush use Reagan in the way Richard Nixon used Eisenhower in 1960 against Kennedy?"

While the Republicans continued their search for the elusive momentum to carry them within striking distance of Mr Clinton, the governor's advisers were finding it hard to wipe the smiles of victory from their faces.

The Arkansas governor was campaigning in Colorado and Wyoming, states that have almost never seen a Democrat presidential candidate in the final weeks of an election. The Clinton camp, whispering the word "landslide", are eager to expand deep into GOP territory and attempt to maximise their victory and claim, if they win, a strong mandate for change.

Uncertainties in the election still remain, mainly in the shape of Ross Perot. Republican strategists hope that Perot-inclined voters will decide their vote is a wasted one and desert the Texas businessman in the last few days of the campaign.



Republican platform: supporters welcoming President Bush as he arrived in Gainesville, Georgia, on a campaign tour also including South Carolina. Mr Bush, encouraged by a stronger showing in the last TV debate between contenders, dismissed gloomy opinion polls as "nutty"

## Clinton rides high in Rockies

FROM MARTIN FLETCHER  
IN DENVER

COLORADANS enthused by Bill Clinton's visit yesterday did not have to wait until November 3 to register their support. The polls opened on October 5 in the Rocky Mountains state, Colorado being one of only two states permitting "early voting". It is that sort of place — independent and non-conformist.

A third of its voters call themselves independents. Like the 19th-century gold prospectors who preceded them, four-fifths of Colorado's adults were born elsewhere, attracted here by fresh air, mountains and the promise of a better life.

This pioneering spirit persists not just in the mountains, but also in the north-south strip of conurbations, hi-tech industrial parks and universities, where more than 80 per cent of Colorado's 3.3 million population live. These people do not like Washington. They certainly do not like President Bush, the epitome of the East Coast establishment.

The economy alone cannot explain why the president lags 19 points behind Mr Clinton in a state that has been staunchly Republican since 1964. After five bleak years caused by the oil price slump, Colorado is enjoying a mini-revival. Unemployment is down, property prices are up.

Colorado's voters signed up en masse for Ross Perot in the spring. When he dropped out in July, they had no wish to revert to Mr Bush but were scarcely enthused by Mr Clinton. However, he has turned around his fortunes dramatically. He astutely positioned himself as the candidate of

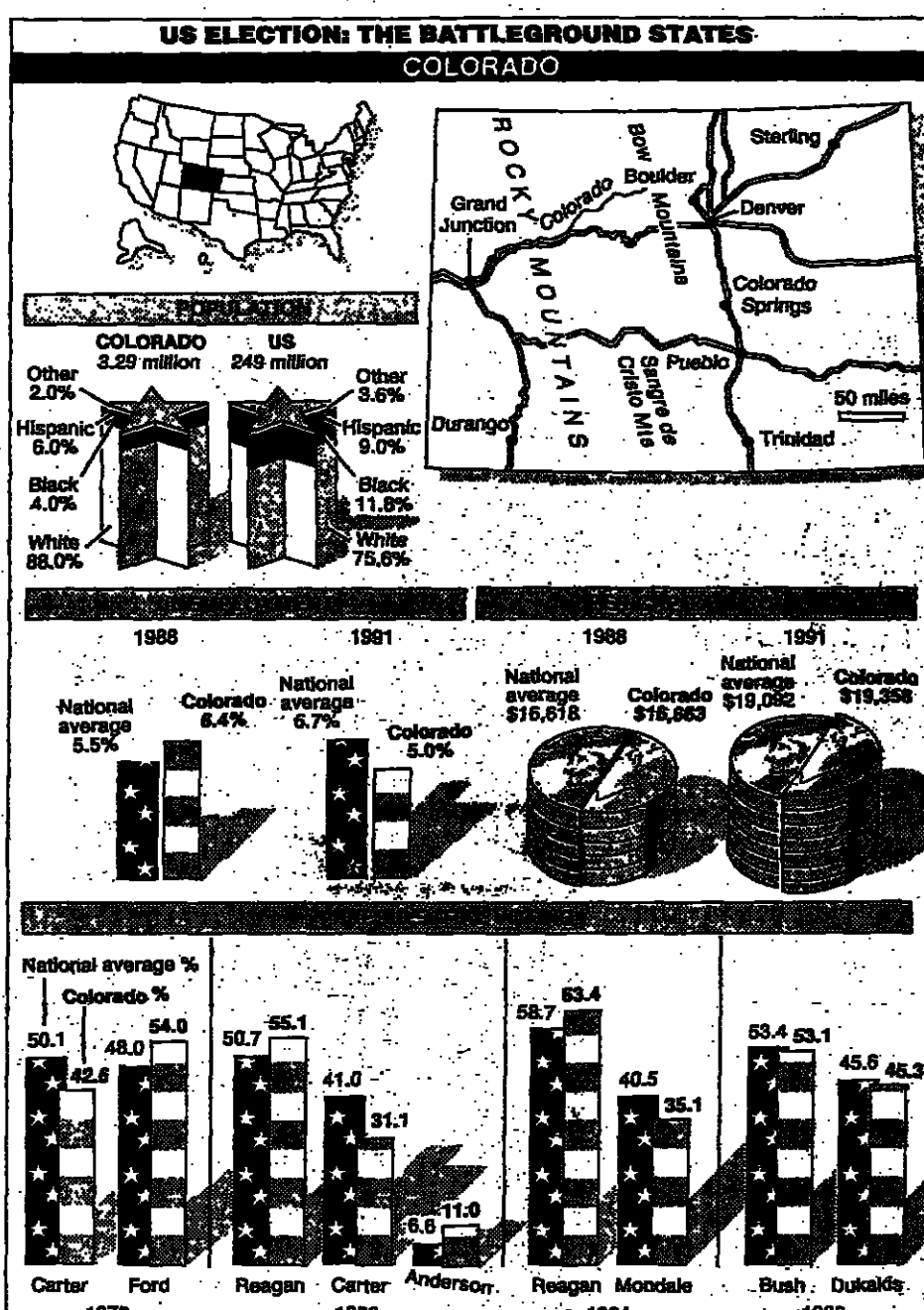
change. His running mate, Al Gore, a fervent environmentalist, is a vote-winner. Fred Duval, the Clinton campaign chief in Colorado, reckons the environment is "the key cutting issue" for about a fifth of the state's voters.

By late August, Mr Clinton was not only leading, but rais-

ing more money per capita here than in any other state save his own Arkansas. At a recent Denver rally, he attracted 30,000 people, the biggest turnout for a political event since Harry Truman visited in 1948.

By contrast, Mr Bush merely drew attention to his own

weakness on a recent visit. He compared himself to John Elway, the Denver Broncos' quarterback whose long throws win games when all seems lost. It was a nice comparison, except that it is now the dying minutes of the game and the opposition has the ball.



## Cubans rush to floating exodus

FROM DAVID ADAMS  
IN MIAMI

Paddling small boats, rather than inner tubes, more than 1,000 Cubans have fled President Castro's Communist rule illegally in the past two months by crossing the treacherous Florida straits. Others have defected on overseas trips by giving Cuban state security "mandates" the slip.

The sharp rise in the rate of the exodus is said to reflect the collapse of living conditions on the island. Some also believe that the flood of people is a sign of a breakdown within the country's tightly run system.

In recent weeks, there has been an extraordinary number of defections. Last week alone there were defections in Mexico, Italy and America, including three leading baseball players, two public health officials, the technical director of state television, and Cuba's world famous ballet dancer, Jorge Esquivel, former partner of Alicia Alonso, the prima ballerina.

So far this year, the US Coast Guard has picked up 2,154 Cuban "rafters". The coast guard is helped by a small group of exiled Cuban pilots called Brothers to the Rescue, who fly search-and-rescue missions over the Straits of Florida.

José Basulto, the chief pilot and a CIA-trained veteran of the Bay of Pigs, says that the Cuban military has increased coastal surveillance. "Before, they did not seem to care who left. Now they have as many as four gunboats patrolling the area," he said.

On Saturday, a gunboat intercepted one raft carrying 12 people in international waters about 60 miles from the Florida Keys. Mr Basulto videoed the incident from his aircraft as Cuban soldiers armed with rifles escorted the rafters on to the gunboat.

The Cuban government denies that the country is in political crisis. "There is not a more stable society in the hemisphere than ours," read one official statement last week. However, there are signs of tension between Cuban Communists who favour moderate reforms and old-guard hardliners. Last month, Carlos Aldana, the party's chief of ideology and foreign relations, was fired in what many believe is part of a purge of reformers within the system.

On Monday, the leadership suspended petrol rations for private car owners for December, saying that it did not have enough foreign exchange to buy more fuel. Since the collapse of its trade relations with the former Soviet bloc, Cuba has been faced with increasing shortages in many areas.

Foreign observers are shocked by what they see. "There are much higher levels of worry in the middle and upper levels of the Communist party than I saw previously," said Gillian Gunn, a Cuba expert at Georgetown University in Washington who visited Havana last month. "Many people attribute their worries to a feeling that the hardline element has firmly got the upper hand and that it may be a little while before it is clear that the hard line does not have the solution to Cuba's problems," she said.

## Voters rediscover taste for politics

BY MARTIN FLETCHER

TURNOUT in American presidential elections has dropped steadily from 62.8 per cent in 1960, when John Kennedy beat Richard Nixon by a mere 118,550 votes, to a feeble 50.1 per cent in 1988. This year the electorate is set to buck that trend. It is angry and fearful, and every indicator suggests resurgent interest in the democratic process.

Audience figures for the three presidential debates broke all records, and actually increased as the series progressed to an estimated 91 million for Monday's final confrontation. That was as many as voted in 1988. Even the vice-presidential debate last week attracted more than 80 million.

Voter registration has jumped across America, with records broken in several states. Hundreds of thousands registered last spring in order to sign Ross Perot's ballot petitions. The cult rock station MTV has been exhorting America's youth to vote. Since 1988, 20 states have made it possible to register while get-

ting a driver's licence. "I am seeing a level of engagement that exceeds anything I've seen since the early 1970s, when I started in this line of work," said Phil Angelides, Democratic Party chairman in California.

The Clinton-Gore and Perot manifestos, hardly scintillating reads, are featuring in the bestseller lists, and a CNN-USA Today poll showed a record 80 per cent of voters were giving the election "a lot of thought". The equivalent figure at this point in 1988 was 69 per cent.

Experts ascribe this reinvigoration to Mr Perot's demands that Americans seize back control of their country, the fact the Democrats have a strong candidate at last, and to the economic slump.

In Texas last week a 74-year-old patient with a severe heart condition refused to go to Houston for treatment until he was able to cast an early vote. "Keep me alive until I can cast my vote," George Dodd told his wife. "I am not going to die until I vote Democratic."

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## Outplayed president misses home run

BY ROBERT WORCESTER

THE American presidential debates are over and the election is less than two weeks away. Instant snapshot polls and panel recalls showed that, although President Bush did somewhat better, he came third again. The debates were held at the same time as the baseball World Series and in baseball, three strikes and you are out. Mr Bush did not score a hit. Bill Clinton did not have to, and Ross Perot was not really in the game.

The importance of the debates was the possibility that Mr Clinton would blow it. It was not enough for the president to do well; he had to hit a home run and he failed. But who won the debate is not really important. What is is the effect that the debates have on voting intentions. After each debate, polling organisations phoned the same people so that "mini-panels" of likely voters were available for instant analysis.

The effect of the past two weeks' campaigning is that Mr Perot is up sharply. Mr Bush is down considerably, and Mr Clinton is about the same. The figures shown are after realigning the approximately 8 per cent of "don't knows" in proportion to the voting intentions of those expressing a preference.

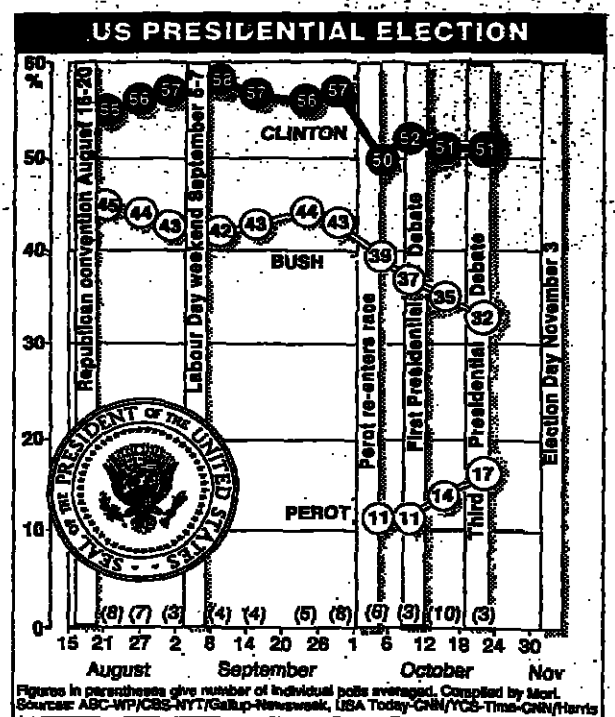
The most interesting figures were in the fine print of the ABC poll last week which, with two-and-a-half weeks to go, showed a quarter of supporters of both Mr Bush and Mr Clinton saying they might change their minds before election day. That fact will not have been lost on the

candidates' pollsters and spin doctors. But the really bad news for Mr Bush is in the state-by-state results that foretell a landslide in the making for Mr Clinton. In the US first-past-the-post system, the president is elected by at least 270 of the 538 "electors", one for each con-

gressman and senator, who cast their votes according to which candidate won the popular vote in their state. Last Sunday, an analysis by *The New York Times* of state-by-state results estimated that Mr Clinton was ahead in 23 states and the District of Columbia, which together comprised 318 electoral votes, plenty to assure a Clinton victory if nothing happens by November 3.

Even in such normally rock-solid Republican strongholds as Arizona, Mr Clinton has an eight-point lead. In New Hampshire, America's third-most Republican state, he leads by six points and he has wide leads in such key states as California (+14 per cent), Illinois (+20 per cent), Ohio (+20 per cent) and New Jersey (+19 per cent). In Dan Quayle's home state of Indiana, one pollster has the contenders level-pegging.

First-past-the-post voting means that the state-by-state results are what counts, and in the US there are many state polls indicating public opinion. Robert M. Worcester is chairman of MORI and visiting professor of government at the LSE. His analyses are compiled with the assistance of *American Enterprise* magazine.





## China attacks Patten for 'tricks' over Hong Kong

FROM JAMES PRINGLE IN PEKING

CHRIS Patten, the governor of Hong Kong, spent six hours yesterday in tough talks with Chinese leaders over the future of the territory and agreed there was no meeting of minds. Mr Patten, whose name the Peking press has chivalrously translated as Peng Ting Kang, "Ensuring Prosperity", described the talks at a lakeside guest house as "very serious, very thoughtful and conducted — however vigorously — in a civilised manner".

However, it was clear that there was no progress on moving Hong Kong towards greater democracy. The governor tried to convince correspondents that the failure of Lu Ping, who heads China's Hong Kong and Macau affairs office, to meet him on

arrival at the airport on Tuesday night was not a snub, yet possibly it was the first of several. A report in the overseas edition of the *People's Daily*, the Chinese Communist party newspaper, accused Mr Patten of "playing political tricks and putting on a show".

Sources indicated last night that Mr Patten, whose efforts to introduce Hong Kong to greater democracy before its handover to Peking in 1997 had angered the Chinese government, would not meet Li Peng, the prime minister. Mr Li normally received Mr Patten's less politically abrasive predecessors. Instead, he will see Qian Qichen, the foreign minister — not that that would be considered a minus in anything but diplomatic terms because Mr Li, last survivor in the leadership of those directly concerned with the bloody suppression of pro-democracy demonstrations in June 1989, is hated by many Chinese.

Mr Patten, a confidant of John Major, said that he had concentrated in talks yesterday with Mr Lu on proposals which he had put forward for political development that represented the "broad balance of opinion in Hong Kong". The governor indicated that Peking was sticking to support of the Basic Law, the mini-constitution under which China will govern the territory after 1997. Mr Patten, accused by the Chinese press of projecting himself as a "god of democracy", a wry reference to the goddess of democracy that demonstrating students erected in the square before the carnage, had hardly expected his visit to produce startling results.

"I cannot say we reached a meeting of minds on what I put forward," Mr Patten said. "There was progress in the sense that we spent six hours together and I think we got to know one another's positions and got to know one another a good deal better."

He said he had made clear that he was prepared to have further discussions at any place and at any time, with the provision that in the new year he would have to put forward proposals to the Legislative Council in Hong Kong for legislation required for elections in 1994 and 1995 which, in effect, will increase democracy in the territory. "I will want to take account of any alternative proposals," he said. "What I can't do is consider other proposals if there aren't any."

Hong Kong's controversial multibillion-pound new airport was discussed, but was left for further consideration by a special airport committee. Mr Patten said that the Chinese side made no linkage between their help in financing the airport and imposing a slower pace on democratic reform in Hong Kong.



Governor's gloom: Chris Patten telling reporters in Peking yesterday that there had been no meeting of minds in his talks with the Chinese leadership

## Indian MPs bar the way to de Klerk's immunity bill

FROM MICHAEL HAMLYN IN JOHANNESBURG

THE bill to grant indemnity for crimes committed with a political motive was defeated in the House of Delegates in Cape Town yesterday, a severe setback for the government of President de Klerk. After the defeat, the cabinet went into immediate session to decide how and whether the bill may be salvaged.

Mr de Klerk's ruling National Party does not have a majority in the house, which is where the Indian population of the country is represented under the apartheid tricameral parliamentary system. In the other two houses, the House of Assembly where whites only sit and the House of Representatives where Coloured MPs sit, the National Party has a majority and the bill was approved comfortably.

The constitutional mechanism established for when the houses disagree is for the question to be referred to the presidential council where the government has a built-in majority. Mr de Klerk has not made use of that device since he became president and is known to be reluctant to do so. However, the pressures on him to ensure indemnity for officials and members of the

security forces who may have committed crimes in the defence of apartheid is clearly great.

The African National Congress consistently has opposed the granting of any kind of amnesty to the defenders of apartheid, saying that criminals should not be allowed to pardon themselves. The movement has said that there is no intention to hold "Nuremberg trials", but that the granting of pardon must be accompanied by disclosure of the facts and can be done only by a successor government.

The ANC said of the bill: "It would be tantamount to the government pardoning its own apartheid crimes." Dave Dalling, a white member of the ANC who sits as an Independent, said: "The main motive of this measure is to indemnify state-sponsored criminals."

The opposition appealed to the government not to force the bill through, with Zach de Beer, leader of the opposition and of the Democratic Party, urging it "at this eleventh hour" not to go ahead because the indemnities would be granted by a tribunal meeting in secret. "The cleansing must

be done in the open," he said. Tony Leon, spokesman for the liberal Democratic Party, said that the bill "massively widens the net of assassins, bombers, terrorists, necklace murderers, state killers and others in this rogues' gallery of South Africa's terror who will now qualify to walk away from their deeds unnamed, undisclosed and unpunished".

In the Indian house, Farouk Cassim, of the Solidarity Party, said that his party had done much soul-searching about the bill. They understood the need for reconciliation, but felt the bill in its present form endangered reconciliation. He asked that the bill should be withdrawn for amendment and presented later. Kobie Coetsee, the justice minister, had spent much time the previous evening trying to persuade the Solidarity MPs to change their minds.

Independent MPs aligned with the ANC said that the ANC would repeal the measure when it came to power. They said that the bill was being bullied through parliament and that the president already had sufficient powers to do anything mentioned in the bill.

### NEWS IN BRIEF

#### Imprisoned dissident dies in Malawi

Harare: Prison authorities in Malawi have confirmed that Orton Chirwa, 73, imprisoned for life ten years ago in solitary confinement for allegedly plotting to overthrow President Banda, died on Tuesday, lawyers said yesterday (Jan Raath writes).

Mr Chirwa, Malawi's first minister of justice and attorney-general in 1964, and his wife, Vera, were kidnapped from Zambia by Malawi special branch officers in 1981.

#### Family killed

Cairo: A mother and her four children died in Cairo when a six-storey block of flats, weakened by last week's earthquake, collapsed on their two-storey house. (Reuters)

#### Rebel haul

Lima: President Fujimori of Peru said that, with the arrest of Marta Huatay on Saturday, 90 per cent of the Shining Path guerrilla group leadership had been captured, leaving three still free. (Reuters)

#### Iraq blast

Baghdad: Explosions at an ammunition dump here killed three people and injured 27 this week, a newspaper owned by President Saddam Hussein's son reported. (Reuters)

#### Off-beat dress

Wellington: John Banks, the New Zealand police minister, said that "misfits", such as bisexuals and transvestites, were not wanted in the force. He said the last thing the nation needed was policemen on the beat "wearing lipstick and pantyhose". (AFP)

## Emperor courts Chinese market

FROM JOANNA PITMAN IN TOKYO

Emperor Akihito has been officially invited to visit China nine times since the Tiananmen Square massacre of 1989, and nine times the Japanese government has remained noncommittal. But when another strongly worded invitation was delivered in April, Tokyo finally decided that, besides America, China is the only other country to which Japan can never say "no".

Tomorrow, Emperor Akihito and Empress Michiko begin their six-day visit to Peking, Shanghai and the ancient capital of Xian. The symbolism of the visit is powerful. No Japanese monarch has ever before paid a visit to China.

The official excuse for the historic "no politics" visit is that 1992 marks the 20th anniversary of the resumption of bilateral relations. Unofficially, according to one of the team of 40 Japanese foreign ministry officials working on the tour: "Japan has had very bitter relations with China for the past 100 years. We want to put an end to the dark chapters and look to the future, to stability between two of the most powerful nations in Asia."

China is still seen as a vast future market for Japanese goods and services, "the grand bargain" as one businessman put it. The imperial visit should not be interpreted only as a gesture of obeisance. Powerful self-interest is also at play.

Japan's businessmen, so often at the vanguard of foreign policy, have been quietly and consistently investing in wholly owned companies or joint ventures, producing anything from suits to computer software. Bilateral trade reached \$22.8 billion last year.

Regional security too has risen in priority after the partial withdrawal of US troops from Asia. Japan and other Asian nations are being forced to confront their lack of an integrated security structure, of any kind of forum designed to deal with conflicts or to overcome or even manage the anxiety and suspicion left over from old ones.

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## Yeltsin delaying tactic beaten by hardliners

FROM ANNE McELVOY  
IN MOSCOW

THE Russian parliament yesterday rejected President Yeltsin's request for a postponement of the country's highest decision-making body, the Congress of People's Deputies, paving the way for a confrontation between hardliners and the government over the fate of reforms.

The congress, which takes place at the beginning of December, has the power to dismiss the government, or at least force Mr Yeltsin to sacrifice some of his key reforms. The government suffered a heavy defeat on the motion to delay the gathering.

Most of the deputies to the 1,000-member congress, which elects the parliament, are former Communist Party members opposed to the IMF-backed reform programme of President Yeltsin and Yegor Gaidar, his prime minister. It is unlikely that they will move to unseat Mr Yeltsin, who still enjoys popular support despite dissatisfaction with his policies, but they may attempt to oust Mr Gaidar and pressure the government to back away from its more draconian at-

tempts to westernise the economy.

Mr Yeltsin's supporters see the country creeping back on to the path of a command economy if this happens. Sergei Kovalyov, a liberal deputy, described yesterday's anti-government vote as "a serious attempt to force the government's resignation, which now appears almost inevitable".

Additional embarrassment is supplied by the fact that three of Mr Yeltsin's senior ministers and allies had attempted to encourage a postponement of the congress at the weekend by accusing conservatives in parliament under the leadership of Rhuslan Khasbulatov, the chairman, of plotting a so-called "constitutional coup" against Mr Yeltsin by subverting his reforms to the point where they would no longer be effective.

They had hoped that the congress could be delayed until spring, giving the gov-

ernment the chance to survive winter without a major challenge. Mr Yeltsin had also hoped that, by postponing it, there would be time to prepare a post-Soviet constitution which would abolish the congress.

The disagreeable atmosphere in the Russian parliament has been heightened by a shoot-out between police and the White House guards on Tuesday night in which a guard died. The 5,000-strong guard appears to be transforming itself into the private and ill-disciplined army of Mr Khasbulatov. It has removed itself from the auspices of the interior ministry while still wearing police uniforms.

The communist newspaper, *Pravda*, added its voice to the chorus of disapproval damning Mr Yeltsin yesterday. It published a letter from deputies saying: "You are incapable of steering Russia out of crisis. You are steering her into a blind alley."



Point of death: Hartmut Otto, head of the Bonn murder squad, indicating where Gert Bastian shot himself after killing Petra Kelly, his companion and founder of the Greens. Six months ago, Kelly had told a newspaper that she was depressed

## Russians ordered to shoot in Tajikistan

FROM CHERIF CORDAHI  
IN DUSHANBE, TAJIKISTAN

Russian troops in the Central Asian state of Tajikistan, caught in the middle of inter-clan fighting, have been ordered to shoot without warning if threatened, Tass reported yesterday.

The troops are caught in a simmering civil war in the south of Tajikistan and the government in the capital, Dushanbe, has accused the Russian army of aiding anti-government forces who have recently enjoyed significant military successes.

Anti-government troops from the cotton-growing river basin of Kuliab have trapped pro-government forces in the neighbouring basin of Kurgan Tyube, the scene of heavy fighting over the past four months. Refugees streaming north through the hills towards the tree-lined capital say that the Kuliabis are advancing towards Dushanbe, 35 miles away.

Kuliabi successes have prompted several anti-Russian demonstrations in the capital. One outside the main Russian army garrison in Dushanbe led to attempts by pro-government gunmen last week to take Russian school-children hostage.

The abductions, attempted as part of the demonstrators' demands for the 4,300-strong Russian army contingent to leave, spread panic through the city's ethnic Russian population. More than 100,000 Russians have left the former Soviet republic since 1991, leaving 400,000 of their compatriots in this largely Persian-speaking nation on Afghanistan's northern border.

Thousands more want to leave but have nowhere to go. "There are no jobs in Russia," says Alexander Gavrilov, a 24-year-old student in Dushanbe. The new coalition government of democratic and Islamic parties, which overthrew the government of President Nabiyev last month, does not want Russian civilians to leave as they form the country's economic backbone. But senior government officials were adamant that the Russian military, which says it is here mainly to protect the Russian population, must withdraw.

"Either everything goes or the troops go and leave their weapons, which we then buy," said Shodmon Yusup, head of the Democratic party. Officials accuse the Russian army of supplying the Kuliabis with heavy tanks and other equipment. Over the past month, at least four Russian tanks have fallen into Kuliabi hands, most of which have reportedly since been returned or destroyed by the Russians.

## Moscow mogul chips in for Major

BY ANNE McELVOY

Konstantin Borovoy's office looks the way any Russian would imagine a millionaire business mogul's lair to look. The man they dub "the Donald Trump of Russia" looks larger than life behind a vast designer desk.

Everything in the office is huge and plentiful: dozens of secretaries click around in Western high heels and Mr Borovoy, while conducting an interview, is signing documents and holding two telephone calls on the intercom. He is also keeping a watchful eye on four huge television screens tuned to flick between local channels, European and American cable television, in the hope, one suspects, of catching a glimpse of himself. His astray is the size of a small vat.

Mr Borovoy became Russia's first official dollar millionaire during the perestroika years, selling his first computer program while working as a mathematics lecturer in 1987 and going on to found Moscow's first joint-stock exchange and a further 20 companies. He goes to bed at 3am and rises at 7am and keeps his staff in a state of permanent, fearful activity.

This month he has launched his own Party of Economic Freedom with Svyatoslav Pyodov, the eye surgeon who became renowned and rich for his micro-surgery. The party, which he hopes will have strong links with Britain's Conservatives and America's Republicans, is to be the business party of post-communist Russia, and may well make inroads into President Yeltsin's reformist constituency.

Stricken by John Major's plight and horrified at the risk of a Labour revival in Britain, he makes a note to give some cash to the Tory party. He adores Baroness Thatcher: "She shares my ideas."

His cynicism is breathtaking. On his wall hangs a photograph of his meeting with the Russian Orthodox patriarch. He was received into the church during his rise to prominence, or as he puts it: "I was baptised for business."

For all his Western acclamations, there is something endearingly Russian in Mr Borovoy's capitalist overkill.

## Homecoming Tatars face Crimea backlash

FROM ROBERT SEELY IN SIMFEROPOL

THE Crimean peninsula, home to KGB pensioners, former Communist party dachas and the disputed Black Sea fleet, is threatening to become the latest inter-ethnic battleground after sporadic clashes between police and Crimean Tatars.

Tatar leaders are claiming that the peninsula's supreme soviet has "declared war on them". Within the past fortnight, 30 Tatars have been arrested and dozens of policemen have been injured in fighting at illegal settlements in the peninsula and around Simferopol's supreme soviet.

The region's 200,000 Tatars, descendants of Russia's thirteenth-century rulers, were banished by Stalin during the second world war to Siberia and Central Asia. Up to half perished on the way. But many were encouraged by President Gorbachev's policy of perestroika to return, often at their own expense, to look for the houses they once possessed or for land on which to build. All they have found is hostility from the ethnic Russian regime and population.

"We are like the American Indians, trespassers on our own land," said Yussuf Kortalev, 26.

Amik Takov, 64, is one of an estimated 180,000 who has travelled from Central Asia to Crimea. With the help of his son, he is building a house on barren land near Stroganovka, a village near his birthplace.

Mr Takov, his wife Aleksandra, two daughters and son now live in a tiny wooden hut, raised on stilts and wrapped in flimsy plastic sheeting to protect it from the winter winds. They are trying to build the basement before winter sets in and Mrs Takov

said that they wanted to finish it so that they could die on their own land.

Like tens of thousands of Crimeans who are building huts and homes near Simferopol, the Tatars have no permission to build and could be evicted. The authorities' policy of clearing many of the illegal settlements is sparking increasingly violent clashes with the Russian and Ukrainian-maned police and interior ministry troops.

The Crimean leaders, who include the most pro-Soviet of



any in the former union, resent the Tatars' return not only because it creates financial and political difficulties, but also because it reminds them that the days of the Soviet Union are over. "They resent our arrival because they are the inheritors of the system that expelled us," said Mustafa Gemilev, a Tatar who taught himself English during 15 years in prison camps in Siberia and Uzbekistan.

Crimea's leaders have branded the Tatars as hooligans, and bring troops and police on to the streets at the first sign of a demonstration. As long as the authorities prevent the Tatars from integrating and resettling peacefully, tension and violence are expected to worsen.

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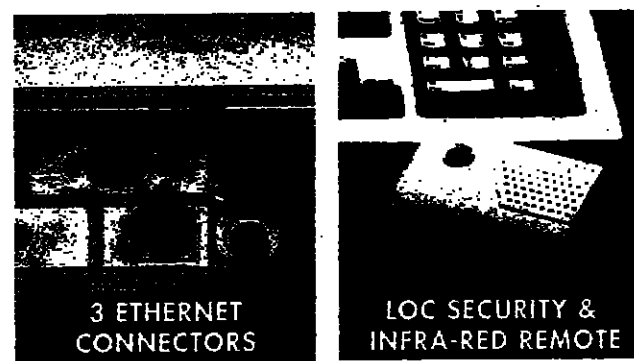
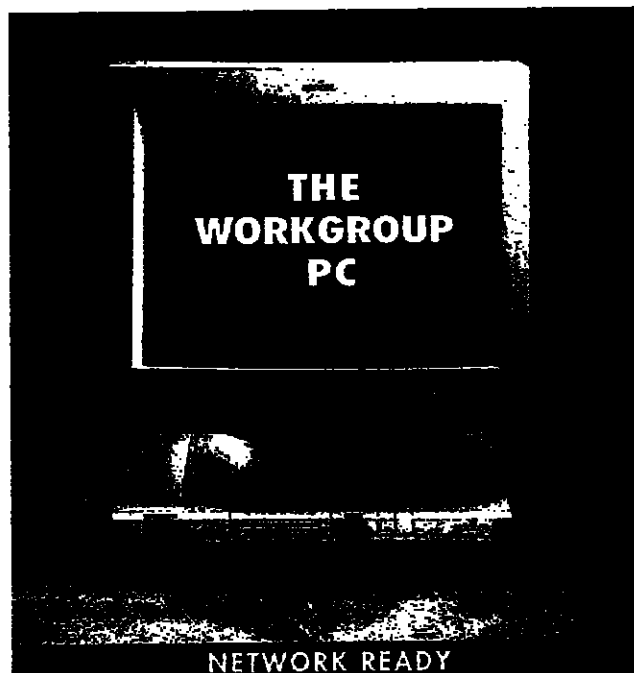
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# A blueprint for Britain's future

Our problems are clear — but what of the solutions?

Mary Ann Sieghart and Anatole Kaletsky report

For the past six months the government and the economy of Britain have been in a state of drift. Since John Major's unexpected victory in the general election his administration has been paralysed by indecision and fear of the financial markets.

The Chancellor has declared repeatedly that "there is no alternative" to whatever the Treasury happened to be doing, or not doing. Ministers have sat in Whitehall, bearing down on inflation and praying for a recovery to happen when it will. Meanwhile, thousands of companies have gone bankrupt and hundreds of thousands of people have lost their jobs. On Tuesday night, the prime minister belatedly acknowledged the need for a new approach.

"A strategy for economic recovery is what we need, and a strategy for growth is what we are going to have," John Major declared on television, after a long lobby briefing in which senior government ministers promised further sharp cuts in interest rates, support for investment and a tough policy on public sector pay.

The Times has argued throughout the past two years that there was an alternative to the economic destruction wrought first by the government's infatuation with fixed exchange rates and, since Black Wednesday, by the Chancellor's fear of the currency markets and his cabinet colleagues. In fact, there is not just a single alternative, but a large number of policy options that could put Britain back on the road to recovery and sustained non-inflationary growth. Now that the government has accepted its responsibility to bring the economy out of recession, there are policies from which it must choose.

The route to recovery must be carefully thought out, but the crucial first steps must not be delayed any longer. The measures below would allow a

strong recovery but also secure the gains against inflation made in the past two years. Not all need to be taken; but several in each category would be required to boost consumer and business confidence without letting inflation off the leash. The government must come up with a balanced package and it must do so by the time the Chancellor delivers his autumn statement in the middle of next month.

Fortunately, Mr Major has now staked the remnants of his reputation on the new "strategy for growth". If he succeeds, the nation will gradually forgive and forget his past policy errors. But if he and his Chancellor fail to deliver, then this week's U-turn will probably be the last Mr Major is allowed to make. The problems he faces — and the solutions he could apply — are as follows:

## CONFIDENCE

Both consumers and businesses have money to spend but are afraid to do so. Ordinary people fear unemployment. They also worry about the falling value of their houses. They are more concerned about paying off debt than spending money in the shops. The latest Mori poll shows a steep decline in economic confidence since the general election. Then, 43 per cent of people thought the economy would improve over the next year and only 22 per cent thought it would get worse. Now, 52 per cent are pessimistic and only 20 per cent optimistic.

## SOLUTIONS:

● **Economic policy:** The government must make explicit the commitment to promote economic recovery, and not simply to bear down on inflation. Controlling inflation is necessary, for both economic and social reasons. But low inflation is not sufficient to trigger an economic recovery

on its own. ● **Lower interest rates:** The Chancellor must cut interest rates dramatically, preferably by 2 per cent in one go. Once interest rates have fallen to 6 per cent, the government should announce that they will be cut no further, at least until there are further substantial reductions in underlying inflation and the rate of growth of earnings. The Chancellor must also make clear that he will be ready to raise rates if necessary, if there are signs of accelerating inflation or rising pay demands. The exchange rate can be considered as one among many pointers to future inflationary pressures. But stabilising sterling must never again be the be all and end all of government policy. A sharp, once and for all cut in interest rates would send a clear signal to both consumers and companies that the time is ripe to buy a house, spend money in the shops or invest. Any impact on inflation could be offset by squeezing current public spending.

## INFLATION

Inflation has fallen from 10.9 per cent to 3.6 per cent in the last two years, and will continue to fall sharply, if only as a result of lower mortgage rates. Past experience suggests that underlying inflation will also continue to fall for at least another two years, despite the devaluation of sterling and the government's more expansionary policies. Unemployment is now even higher than it was at the equivalent point in the 1979-81 recession and the devaluation of sterling has been less steep than it was ten years ago. More importantly, the union reforms and deregulation of the Thatcher era should have reduced made the British economy less inflation-prone. Nevertheless, the government must remain vigilant against an upsurge in inflation after 1994 — and the more the government does

now to promote recovery, the more cautious it must be about inflation in the years ahead.

## SOLUTIONS:

● **Tight fiscal policy:** A sharp cut in interest rates and the prospect of economic recovery will give the government the chance to reduce its bloated budget deficit, at present over £30 billion, or 5 per cent of Gross Domestic Product. The government must renew its pledge to balance the budget over the course of an economic cycle and express a willingness to raise taxes if necessary to

achieve this objective. In practice, higher taxes would not be necessary with better control of public spending and a return to an adequate long-run rate of growth. The Maastricht target that deficits should be reduced to 3 per cent of GDP is not good enough as a long run objective and is no longer relevant with sterling outside the ERM.

● **Freeze public sector wages:** To underline its determination to curb inflation, as well as to save huge sums of public money, the government should freeze public sector wages for one year. Public sector employees have done much better than private workers since 1988 and many private companies have also frozen wages. At this point in the economic cycle, a public sector pay freeze would not be perceived as unfair on the public sector and should not give rise to future catch-up pay demands.

Consumers are burdened with debt, the housing market is paralysed and even profitable companies are under pressure from their banks to reduce their borrowings. Consumers react, as explained above, by saving instead of spending. Businesses cut costs by laying people off. The combined effect is suffocating the economy. Government needs to pump in the necessary oxygen.

## SOLUTIONS:

● **Abolish mortgage tax relief:** To unfreeze the housing market, the government should announce that mortgage interest tax relief will be abolished for all new mortgages from November 1993. On existing mortgages, it will be phased out over five years. Mortgage-payers will be compensated, initially at least, by much lower interest rates. First-time buyers would rush to beat the deadline, providing the impetus the market badly needs. The government would also save roughly £5 billion a year by 1998, and at least £1bn in 1993 alone.

● **Exempt rental income from tax:** To promote rental housing, the Treasury must level the fiscal playing field between owner occupiers and private landlords. Phasing out mortgage tax relief will help in the long run, but new landlords should be allowed to enjoy tax relief on houses they buy before the cut-off date of November 1993. More im-

portantly, landlords' rental income should be exempted from tax, and their capital gains should also be tax-free. This would put landlords on a par with owner-occupiers who do not pay tax on the imputed rent from occupying their own houses.

● **Make borrowing easier for small business:** The single most effective measure to help small business would be to force creditors to settle their debts more quickly. In the last budget, the Chancellor said he would take such action, but the government needs to go much further, introducing statutory interest payments, at a penal rate, on debts that remain unpaid after 90 days. In the longer-term, action to make borrowing easier for small businesses must be considered. With banks shocked by the recession and reluctant to lend, government programmes to guarantee small business loans may have to be considered. Such programmes exist in Germany, America and Japan. Alternatively, the Treasury could give tax relief at source on loans to small businesses. This would allow new entrepreneurs and small businesses that were temporarily making losses to benefit from the tax relief which is at present confined to profitable firms.

Many companies are going out of business because the recession has been so prolonged — 100,000 have failed since the recession began. Many of them were profitable before the recession and could have been profitable again. These closures have put hundreds of thousands of people on the dole, and their numbers have been increased by companies who need to shed a lot of labour to avoid bankruptcy. Many of the unemployed are highly skilled, sometimes professional. When the economy turns up again, will there be enough productive capacity to meet the demand? The more companies go bust now, the worse will be the prospects for inflation and the balance of payments in the future. If people cannot buy British, they will have to buy imports instead.

● **Building for the future:** The government should bring forward as many capital spending projects as possible, from

new schools to the Channel Tunnel fast link and redeveloping and extending the London Underground. Never will such projects be as cheap as now, when so many construction companies have empty order books. Moreover, many building workers are unemployed, costing the government £8,000 a year each in benefit and lost taxes. The extra cost of hiring them to do something useful would be minimal.

The national accounts should be redrawn so that capital spending — in other words, investment — is treated differently from current spending. Publicly owned bodies, such as British Rail, should be allowed to borrow on their own behalf from private investors. This borrowing should not count as part of the public sector borrowing requirement.

● **Maintenance, repairs and small capital projects:** Large infrastructure projects take years to get off the ground. The fastest way for the government to put spending into the economy — and simultaneously to save public money — would be to accelerate maintenance and repair programmes in the health service, the schools and local authorities. Small capital purchases, for example for car and bus fleets, and even for art and property purchases by English Heritage, should also be advanced. The way to achieve this would be for the Treasury to double the relevant public spending budgets in 1993/94 and claw the equivalent sums back in the following two fiscal years.

● **Training and education:** The training budget must not be cut with so many people unemployed. Some of those put out of work will have to be retrained, not least the miners. The balance of payments is in the red, even in a prolonged recession. There is a serious danger that when the economy starts to grow again, Britain will simply suck in imports and the trade deficit will worsen. The balance of payments constraint has been the main reason for Britain's stop-go economic cycles since the second world war. The smaller our manufacturing base, the more of a problem it will become.

● **SOLUTIONS:** ● **Accept the floating exchange rate:** The lower level of

sterling will promote exports and discourage imports. The experience of the 1980s suggests that the gains in competitiveness will not be eroded by inflation, provided the government does not allow a consumer boom to develop after 1994.

● **Encourage spending on construction and investment:** That means protecting capital spending at all costs in the public spending round but squeezing current spending such as public sector pay.

● **Press for a deal on GATT:** Mr Major should press harder for a deal on the General Agreement on Tariffs and Trade, which will open up world markets for British goods.

● **Remove uncompetitive subsidies:** Britain should press the EC harder to force members to remove uncompetitive subsidies on their industries.

## TREASURY

The Treasury has been wrong, wrong and wrong again in its forecasts of how the British economy will behave and in its prescriptions of what policy ministers should adopt. The Chancellor has been all too ready to believe the advice of his officials. The result has been a blinkered approach to policy-making.

## SOLUTIONS:

● **Purge top tier of Treasury officials:** The Chancellor should be moved on and the economic forecasting replaced with an independent Council of Economic Advisers. Similar to the "five wise men" in Germany, these should be academically respected people representing a range of economic opinion and more than one school of economic thinking. Their views and forecasts should be regularly published. ● **Make advice public:** The Bank of England should be required to make its advice on economic and financial conditions public. If there are disagreements with the Treasury these should be publicly aired. ● **Make decisions public:** Decisions on monetary policy should be justified publicly and in detail. Regular meetings of the council of economic advisers should be minuted and the minutes published, perhaps with a lag of one or two to discourage market speculation.

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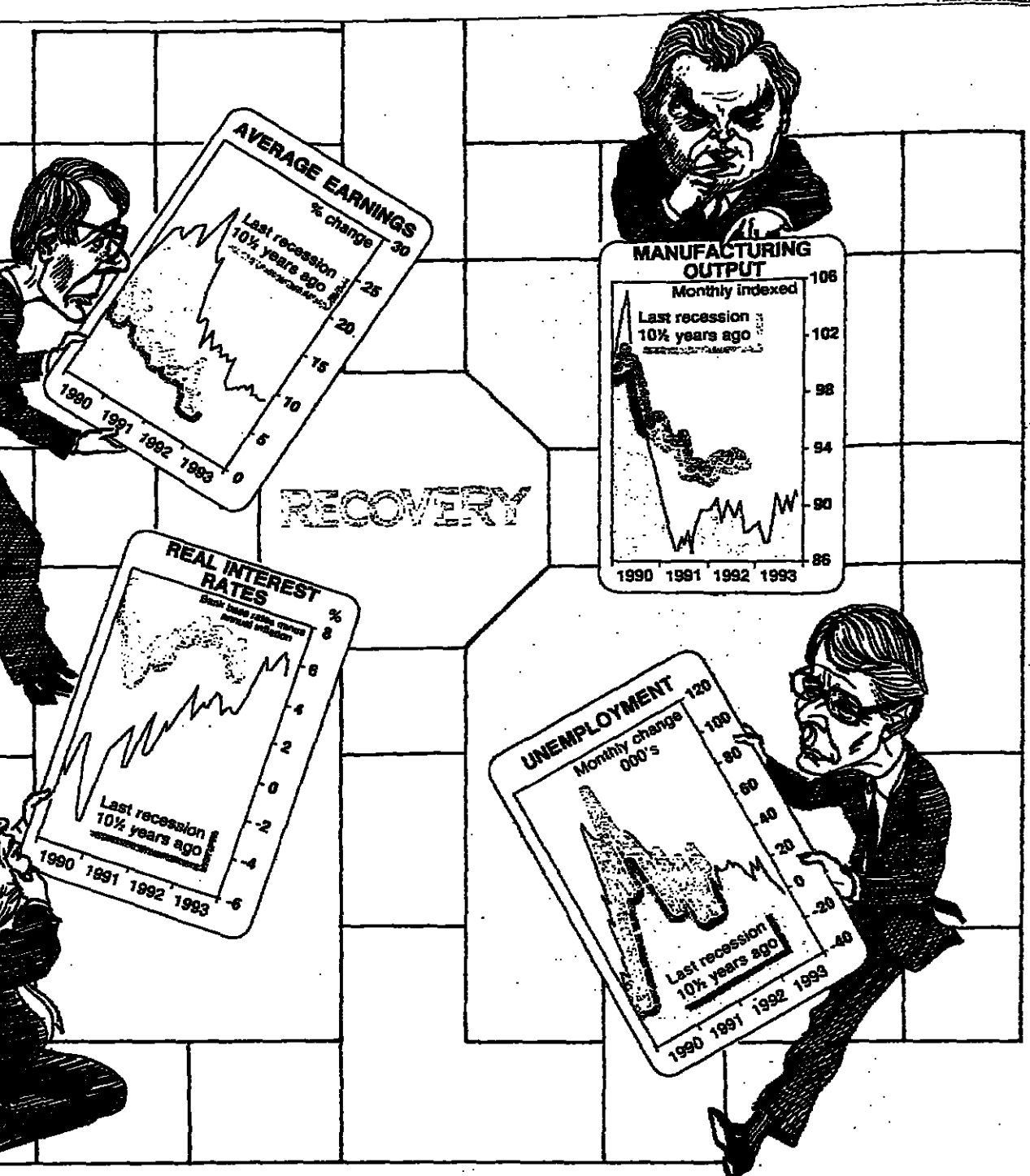
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## FOOTNOTING THE BILL FROM THE PUBLIC PURSE

NOT all of these measures need to be taken. But public-sector capital spending is vitally important and inevitably costs money. Here are some suggestions for raising it:

- The abolition of mortgage interest tax relief would lead to savings of about £1 billion in the second year, rising to £5 billion a year by the sixth year.
- A public sector pay freeze would save £2.5 billion a year.
- The European Fighter Aircraft should be cancelled. Germany has already pulled out of the project. Italy is threatening to, and by the time the aircraft is finished there may be no

buyers for it anyway. True, jobs will be lost, but they are currently being maintained at huge expense to the taxpayer. Even if hundreds of millions were spent on retraining those put out of work, this would pale into insignificance when compared with the £20 billion cost of the project.

□ Child benefit could be frozen, and family credit for the poorest families raised in line with average earnings. Similarly, pensions could be frozen, while support for poor pensioners through the existing income support programme should be increased in line with the growth of average earnings. The combined savings would be about £750 million.



# Clearing my mind over mater

Dr Anthony Storr, the psychoanalyst, has done more than re-examine the thoughts of Jung and Freud. He is also the psychic father of novelist Will Self

My mother was a crochety old soul, subject to depressions and all the furies that attend them. She was also a glutton for psychotherapy, and when I was a child Anthony Storr was a presence in our home of an unusual kind. A regular, erudite and witty reviewer in the Sunday papers, whenever his by-line appeared my mother would trot out the same old anecdote: "He treated me, you know. In fact he was treating me when I was pregnant with you." She would let this hang in the air for a moment — and then would come the killer: "Actually, he persuaded me not to have you aborted."

So it was he who had to answer for all the problems I had in life: how convenient that he was a prominent psychoanalyst and therapist. And interested in creativity as well, just the daddy for a neurotic wannabe novelist.

It was a nice idea, but I was almost certain the story was apocryphal. It was just too neat, and in keeping with my mother's tendency to under-

mine the very ground of her children's existence. But after she died I found a note from Dr Storr among her papers that at least confirmed he had been treating her. "I am delighted that William Woodard has arrived safely," he wrote from Harley Street. "What an enormous child!"

Approximately 31 years later the "enormous child" turned up on Dr Storr's doorstep in north Oxford, and confronted him with his bizarre psychic paternity. Dr Storr was urbane and unfappable. "Oh yes," he said, "I do remember your mother, quite an unhappy woman. She was pregnant. She said it was unplanned and she didn't want the child, but I thought she would regret it. She seemed a very motherly person, and not that old,

only 40 or so." So it was true, although Dr Storr didn't seem at all fazed. But perhaps this happened to him every other week? It would clearly be churlish to make a big issue out of it.

Dr Storr is an entirely suitable psychic father for me. A commentator on Freud and Jung, and the author of books on human aggression, solitude and creativity, he is the thinking person's shrink, the north Oxford shrink. More literary than technical, rational and melioristic. He is in fact a kind of social democrat of the mind.

After a "curious, solitary childhood", and an unhappy time at Winchester, Dr Storr began to come out of his shell at medical school. He qualified in 1944 and went to the Maudsley hospital to train as a psychiatrist. I asked him what his impression towards psychoanalysis had been? "I would concede that to a large extent it was a function of my own difficulties in forming relationships with people. Throughout my life I have had basically depressive tendencies."

I've seen a lot of damage done by tea and sympathy

So it was a case of the physician healing himself? "Yes, I suppose so, but I'm fairly sanguine about what it's possible to achieve by psychotherapy. You can get a patient to reflect, largely by externalising his internal soliloquy. In this manner, with tolerant and sympathetic attention, I hope there are a number of people who I have helped very considerably."

But if tolerance and sympathy are the requirements, do we need therapists? Couldn't they be supplied by friends? "No. The professional must learn to be moved and touched emotionally, yet at the same time, stand back objectively. I've seen a lot of damage done by tea and sympathy."

When our conversation turned to the mad/bad dichotomy which bedevils contemporary ethical thought, Dr Storr became impassioned. "I'm a squeamish person, I find the idea of violence and cruelty almost unbearable." Had this been the impetus behind his work on human destructiveness? "Well, it was the Holocaust, really. The concentration camps have haunted me all my life. They set back my sense of optimism very considerably. I made myself read a lot about them, and then write, in order to seek some kind of understanding."

So was there such a thing as evil? "I think there are evil acts. I'm not so sure about evil people. Really, trying to attribute moral responsibility is futile."

After the Maudsley, Dr Storr went on practice as an analyst for some 20 years. Although he trained as a Jungian, he has never been a practitioner of any narrow dogmatism. In his biographical study of Jung, he puts the great man's interests in Eastern religions in an essentially metaphorical context: whereas for Jung himself, texts such as the Tibetan Book of the Dead, for which he wrote a

"psychological foreword", were literal evidence of the universal unconscious archetypes to which we are all subject.

By the same token, Dr Storr's critique of Freud is two-pronged. He is sceptical about the Freudian preoccupation with "mature" or "full" genitality, the idea that the benchmark of sanity and authenticity is reached only by a successful, heterosexual relationship. Dr Storr has also taken Freud to task over his equation between creativity and "fantasy", by which he meant that artistic creation was essentially an "immature" and escapist activity.

In contrast to Freud, Dr Storr himself has always maintained a lively interest in human creativity, and *Music and the Mind*, his latest book, focuses on musical creation.

In it, Dr Storr examines the arguments for the origins of music: questions why it is that we perceive different kinds of music as expressing particular emotions; and engages in a lengthy debate on the metaphysical significance of the musical realm. It is an erudite and intelligent work but, that being

said, it exhibits a lot of the characteristics of Dr Storr's other works and, one might add, his clinical philosophy. Dr Storr is the meliorist par excellence: he seeks ideas that will help individuals to cope with life, rather than theories that will inspire.

"It's true," he said, "I do think the human condition is inherently unsatisfactory in many ways." This is all well and good, but the conclusion that Dr Storr reaches is that music is a "good thing", because it enhances his life. And when he speaks of music he is referring to quite a narrow, mostly classical repertoire. To me, this is the weakness of the book. It seems almost contentious to write off entirely the significance of the 4/4 beat and the 12-bar ballad form which, as popular music, have come to infest the air we breathe.

Another criticism would be that Dr Storr relies too heavily on lengthy extracts from other writers, some of which have been prominent in his other works. In particular, certain quotes from Freud, and various biographies, have been

iterated in more than one other work. But Dr Storr is unrepentant. This tendency points, I would suggest, to the real canonical character of his work. He is a quintessentially English figure; patrician, gentle and humane. If his books lack spark and contention, by the same token they avoid stridency or dogmatism.

Arguably it is the influence of thinkers such as Dr Storr that has prevented our mental health establishments from being subject to the appalling doctrinal excesses that we can witness to this day in the United States. Dr Storr is like an Anglican analyst, if such a thing is possible, his vacillations and doubting are infuriating, but signify a genuine integrity. After all, nothing is truer than that the polymorphous perversities of human nature are not amenable to simple analyses.

A few days after seeing Dr Storr, I wrote him a puzzled letter. In it I termed him my "psychic Polybus", referring to Oedipus's father, whom he accidentally killed on the

road to Thebes. I wrote that I had been surprised by his muted reaction to my appearance on his doorstep. "It had been", he replied, "a unique occurrence, and one to which I didn't quite know how to respond."

"If I am Polybus, I must express the hope that you, as Oedipus, avoid the latter's fate. I don't even know whether or not you are pleased that I persuaded your mother not to abort you. For all I know you may agree with Sophocles: 'Not to be born is, past all prizing, best.'"

But of course, within the Oedipus analogy, there is another awful fate: that of Polybus, killed by his son. My "real" father is not unlike Dr Storr: patrician, gentle, humane. For much of my life I have, naturally enough, felt like killing him. What an irony to discover that my psychic father possesses exactly the same admirable — if infuriating — characteristics.

Music and the Mind is published by HarperCollins on November 2. Will Self's *Oedipus's Father* and *Bull* are published by Bloomsbury.



Oedipus? Schmoedipus, as long as he loves his mother: Will Self (left) meets Dr Anthony Storr who, 31 years ago, was very possibly fundamental to the writer's very existence

## Mysteries of the full moon

CHRISTOPHER Gore's plea that he was suffering from a severe mental disorder when he axed his parents was accepted and he is now a patient in Broadmoor.

The headline writers have seized on the tendency for Mr Gore's violence to increase at the time of the full moon. This characteristic of some psychiatric patients has been the trade of thriller writers for centuries but, until a few years ago, nobody was quite certain if it actually happened. Statistics do show that the admission rate to mental hospitals bears a relationship to the phases of the moon. It is not so marked that the public should expect to meet a mad krumphorn on their way home on a moonlit night, but it does perhaps mean that a psychiatric unit might expect an extra case or two at the time of the full moon.

More important is the study of the symptoms which Mr Gore showed from an early age, and the lessons which can be learnt from this disaster which could help other families. Mr Gore is described by his counsel and the judge as having a



MEDICAL BRIEFING  
Dr Thomas Stuttard

psychopathic personality, but by the prosecution as having a schizoid personality.

Parents have the difficult task of distinguishing between acceptable, but regrettable, adolescent behaviour and the first signs of a schizoid personality. There were plenty of warning symptoms in Mr Gore's case. As a boy he was the classic shy loner, and was, as are seemingly many people with schizophrenic tendencies, exceptionally clever. He took no part in group activities and was interested more in speculation than action, the abstract rather than the concrete. Even as a child

he used his ability to write poetry to fantasise about killing his parents.

As he grew older, he retreated more into isolation, he attempted suicide and had inexplicable rages. His personal appearance was exceptionally weird, his hours anti-social, he dropped out of university, at which he had already won a first class honours degree and became a self-employed juggler. His behaviour both before and after his arrest was, as doctors describe it, socially inappropriate. After he killed his parents he had a drinks party with champagne he had taken from their house.

If the characteristics of a schizoid personality — found in about 40 per cent of schizophrenic patients before they suffer ultimate breakdown — can be spotted before a breakdown occurs, adolescents can be channelled into jobs and a lifestyle without strain, one where above all there is no pressure to perform. Most, but not all, doctors also think that early treatment with the appropriate drugs reduces the chance of disaster.

life-prolonging, and life-saving. Interesting as the results will be they are likely to be marginal. Early diagnosis remains the principal weapon in the fight against the disease.

Doctors from the Royal Free Hospital, in north London, have called this month for as intensive screening to be available for younger women with a family history of breast cancer as is now offered to the over-fifties.

Women with a close relative who developed cancer of the

breast under the age of 40 have, it would seem, a sevenfold increased risk of developing the disease themselves. It is not only female relatives who are at risk. *Pulse* magazine has twice in the past three months carried reports which show a clear link between cancer of the breast and cancer of the prostate in related men.

Fathers, sons and brothers of women with cancer of the breast have a considerably increased chance of developing cancer of the prostate.

### Cholesterol in context

CONSERVATIVE politicians have had little to cheer them during the past week, and the Family Heart Association has not helped. The association screened the cholesterol levels of people from a wide variety of trades and professions and has published the results in the journal *Occupational Health*; of all the people tested Conservative MPs are least likely to have a cholesterol level acceptable to the dieticians.

However, they should take heart that *The Times* has supported the view that a raised cholesterol is only one of the risk factors which increase the likelihood of heart disease and that it is of not much clinical importance unless it is associated with other risk factors, such as smoking.

### Cancer and the family

A SCIENTIFICALLY conducted trial at the Aberdeen School of Medicine will evaluate the effect of psychotherapy, including relaxation and imagery techniques, aimed to change a woman's psychological approach to cancer of the breast.

Nobody can doubt the value a positive approach to the disease has insofar as the



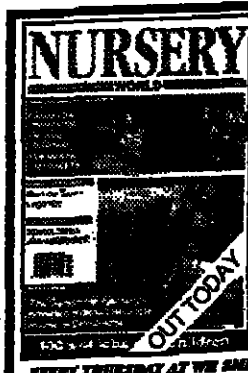
quality of a patient's life is concerned, but this trial will endeavour to see if it is also

work as well as, and in some cases better, than traditional Western medicine.

However, the general public should never be so misguided as to think that because a remedy is "natural" it is absolutely safe. A letter to the *Lancet* from the National Poisons Unit at Guys Hospi-

### Treat herbal cures with care

ONE of the more interesting findings in dermatology over the past year or so has been the confirmation that the use of Chinese herbal remedies for the treatment of eczema often



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I JUST LIKE  
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The average family throws out as much as a tonne of rubbish every year. So it's hardly surprising more and more people are making a noise about recycling.

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For a start, the glass industry uses all the glass it gets back from the bottle banks.

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of oil (enough to run your central heating for about 20,000 years). And each time it goes through the recycling process, it saves more.

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Well, it's also hygienic, it never affects the taste of food or drink and it even keeps things fresher for longer than other packaging materials.

And for once, saving the environment doesn't cost you. Glass is still one of the cheapest packaging materials around.

So please keep on using the bottle bank.

A bottle here and a jar there might not sound much. But for your children and your children's children, the recycling message is amongst the most important they are ever going to hear.



BRITNGLASS





Philip Howard

### The miners are the latest beneficiaries of the British love of the underdog

Let's hear it for scapegoats. For once, this has been a good week for the put-upon brutes. The miners have been metamorphosed from the dangerous, token public enemies of the Orgreave coking plant a few years ago. This was always a hirsute oversimplification. And even Arthur Scargill has been partly rehabilitated from a bullying bully to the assassin of King Coal, and turned, if not quite into a fairy prince, at any rate into something approaching *Homo sapiens*. It is in no small measure wonderful, and considerably remarkable how John Major's government has achieved this transformation of scapegoats into popular heroes in a week.

Your scapegoat is an indigenous English beast. Ideally it should be an object of popular derision and loathing, but not dangerous enough to butt back. The long history of bullying at British boarding schools was based upon hunting the scapegoat. At the Tory conference we saw the ritual parade of two aged and toothless scapegoats, the National Union of Revolving Students, and the national perambulation of New Age Travellers around the reactionary and NIMBYer parts of the country. There was also the flogging by Lord Tebbit, the high priest of scapegoating, and his thuggish altar boys, of the dead horse that all foreigners are fiends. Scapegoats and dead horse served their traditional function of distracting attention from more dangerous sins of the government closer to home. The students I meet seem clever and alarmingly conformist young keenos desperate to get on; and the New Age travellers seem endearing and shaggy green idealists, rather than dangerous beasts that defend themselves when attacked. But the point about scapegoats is that they should be innocent of the iniquities they are lumbered with.

Germans generally, and the Bundesbank in particular, have done their bit of scapegoating for England this month, though the Queen is at present over in Germany reassuring her Hanoverian ancestors that we are all good European scapegoats under the skin. You can see the essence of scapegoating caught in paint in Holman Hunt's enigmatic masterpiece in the Lady Lever art gallery at Port Sunlight. He is a shaggy, sheepish creature, heading for the sticks with a wild glare in his eye, and he illustrates the ambivalent English attitude towards scapegoats. We blame them unfairly for our sins, but we also have a soft spot for underdogs, or in their case, undergoats.

The notion of scapegoat was introduced to the world long before the English picked it up, and at a time when our rude forefathers and German cousins were illiterate savages living in the swamps of Rhine and Thames. The official recipe for making a scapegoat is given in the Mosaic law at *Leviticus* xvi. First catch two goats, and take them to the altar of the tabernacle. Then cast lots, one for the goat of the Lord, and the other for the scapegoat, which is called Azazel. Milton used this majestic name for the rebel angel selected to carry the mighty standard of Satan in *Paradise Lost*. In Mohammedan demonology, the scapegoat became the devil himself, cast out of *Paradise* for refusing to worship Adam. His name was changed from Azazel to Eblis, which means "despair".

Back in the Pentateuch, the priest bluffs the Lord's goat as a sin-offering, and sprinkles its blood in the prescribed places, which need not detain us. He then takes the scapegoat, lays both his hands on its head, and confesses to it all the iniquities of the Israelites and all their acts of rebellion. The priest projects all the governments and the public's sins onto the head of the goat, and sends it into the wilderness in charge of a man who is waiting ready. The goat carries all their iniquities away with it into the desert, and the man shall let it go, there in the wilderness, presumably for a life that will be nasty, brutish and short. Though you can never tell with goats, which are resourceful creatures.

But scapegoats were on the scene even before the procedure for scapegoating was codified by Moses. Eve is a good candidate for the first scapegoat on human record, followed almost immediately by the Serpent. It is gratifying that his sneaky scapegoating did Adam not a blind bit of good. He was booted out of the Garden of Eden and heavily cursed, along with his scapegoat, Eve, and her whipping-boy, the Serpent. And quite right too, if you think their fruit-sealing offence was worth cursing and banishment.

Since that Fall of Man, scapegoats have played an important, almost a heroic, role in life and literature, from *Iphigenia*, butchered to change the weather forecast, to Mr Gorbachev today. Shylock is a classic scapegoat. He performs the dual function of suffering for the iniquities and extravagance of the yuppies of Venice, and also making at any rate the thoughtful members of the congregation sorry for him. There is hardly a British school story written, from *Tom Brown* to *Daisy Pulls It Off*, which does not turn upon the shame and subsequent triumph of a scapegoat, Billy or Nanzy.

The British Empire itself was built upon a worldwide congeries of scapegoats, whom the British occupied, educated, tried to convert, and exploited, theoretically for their own good. It lasted as long as it did because the British are secretly also on the side of the scapegoats they use, and really did believe they were doing their colonial subjects a favour. This unorthodox attitude to scapegoats explains much that was good in the British Empire, and a lot of interesting ambiguity in English literature. It is satisfying to the English sense of fair play when a scapegoat turns up trumps as a hero, as the miners have this week.

A torrent of mail helped change MPs' minds about the pits and Mrs Thatcher, writes Robert Rhodes James

## Politics in the postbag

Newly elected Conservative MPs are becoming unweary by the volume of their mail and its hostility, for in the last month letters to Conservative MPs from discontented constituents have increased alarmingly. The economy, Maastricht, interest rates, the former Yugoslavia, the council tax, unemployment, the NHS, and old age pensions are but a few of their topics. The Commons post office was said to be awash with ten times the usual volume of post as constituents wrote to oppose the pit closures this week.

Some political historians might care to look into the matter of when this habit of voters writing to their MPs became a serious one. When I became a Clerk in the House of Commons in 1955, no backbenchers had offices, and very few had full-time secretaries; they wanted and needed neither. Most MPs could cope easily with their constituency mail in their own hand, and one told me that if he received six letters a week, he knew he was in trouble. But in those days, very few MPs lived in, or anywhere near, their constituencies, and visited them as seldom as possible. Their constituents

did not seem to mind very much.

In December 1976 when I was first elected, having been out of the Commons for 12 years and out of the country for half that time, I had vaguely assumed things would not have changed very much. A lady had volunteered to be my secretary, but I wondered whether I would have sufficient work for her to keep her occupied. Within a very few days, my doubts had vanished.

There is another oddity. For some reason, Conservative MPs receive far more letters than Labour ones. When I told one of my Labour friends that I received on average 300 letters a week from my Cambridge constituents (and on one terrible day, over a thousand), he was astounded. If he received that number in a month he would have been appalled.

My theory, and it is only that, is that part of the answer lies in Labour voters in a Conservative-held seat quite deliberately writing to vent their spleen on the

sitting MP. The classic giveaway is the opening, "As a lifelong Conservative, but no longer..." which leads to a quick check on our canvass returns, that almost invariably reveals an "against" notation. There are the clearly organised letter campaigns, usually so clumsily organised that the hundreds of letters are identical, even if handwritten. There are the special interests. There are the regulars who are often, sadly, disturbed mentally. In my case, there were those undergraduates who had come to Cambridge to impart knowledge and not to receive it, and whose letters were too often alarmingly illiterate. But my rule was to answer every one individually, which sometimes took three hours a day.

But I never regarded my large postbag as a burden. It was one way of judging the mood of my constituents on issues, as my constituency surgeries were almost entirely devoted to individual cases of hardship and difficulty. It also became quite

easy to differentiate between the sincere letter and the "campaign" ones, and the former often made a considerable impression on me.

I had supported the poll tax somewhat uneasily, but my doubts were turned into deep concern when the reality dawned upon my supporters and friends of what was actually involved. There was one case that particularly struck me. He was a young postman, with a wife, and two very young children, earning £130 a week. The rates on his house were under £200 a year. Under the poll tax, he and his wife would have to pay £1,090 a year. He refused to contemplate sending his wife out to work, quite rightly I thought. He had been a Conservative voter. How could I possibly defend such an appalling and unexpected burden upon him and his family? I could not, and did not. That letter, and that case, was decisive in my attitude to the tax. Although I could not defeat it, I could try to change it.

It is interesting to ponder the question how ministers and government MPs could judge public opinion when constituents wrote few letters, and most MPs kept aloof from their constituents. The answer was that they could not, and did not, with the result that the only barometer of opinion was a General Election, and these quite often produced wholly unexpected and nasty surprises — 1945 being the most notable of all.

This does not mean that an MP should be constantly swayed by the letters he receives. There are many occasions when a courteous letter of sincere disagreement is necessary, and an intemperate letter should never receive a reply in kind. But when there is a clear volume of anger and protest, the parliamentary representative would not be doing his job if he ignored it.

Harold Macmillan once remarked that the only qualification for being an MP was "the ability to write a good letter". It

was characteristically shrewd. When one of my former colleagues took over from a notably indolent predecessor and replied to constituents' letters, he was startled by a headline in a local newspaper, "MP Replies To Letters".

On my calculation, in the 15 years I was an MP I received, and replied to, 249,000 letters from the people of Cambridge. But it is the one from the postman that made the greatest impact, and could even be considered to have helped to change political history, because it was the poll tax above all which convinced an increasing number of Tory backbenchers that its true author and most passionate advocate must go.

On that fateful Monday morning in November 1990, when my wife was driving me to the station to catch the train to London, she asked me how I would be voting in the leadership election on the following day. I was undecided, and told my wife that I would probably abstain. And then I remembered my postman. I voted for him.

Sir Robert Rhodes James was Conservative MP for Cambridge, 1976-1992.

## The misrule of the Met

### Several disturbing recent cases point to the continuing abuse of power by the police against minorities, says Bernard Levin

Busy men with crowded schedules cannot always ensure that their passage is not strewn with holes in the pavement, bricks falling from windows or even a humble banana-skin or two. But it was singularly unfortunate that Sir Peter Imbert, the retiring Commissioner of Police, and Sir John Woodcock, Chief Inspector of Constabulary, both made speeches on the same day at the same occasion on similar themes, though the date was October 13. And what sinister omen, you ask, hovers over that apparently inoffensive date? First, the two speeches.

Sir Peter did not shrink from comment on the waning confidence in the police, particularly in the light of recent police malfeasance, and he made quite a good fist of arguing against our adversarial system. Well, the system is indeed now under fire, but he rather spoilt his case by implying that it would not only improve the standards of justice, but tame the lawyers too. At least, he trotted out that spavined old hulk, the belief that a lawyer should not defend the accused if the lawyer himself thinks his client guilty, and he even seemed to quote as a criticism rather than an honour Dr Johnson's noble apophthegm: "A lawyer has no business with the justice or injustice of the cause which he undertakes." Naturally, Sir Peter asked for the scales of justice to be tipped much further away from the defendant, and it is tempting to agree with him, but we mustn't: we must cling to the truth that in any just society the defendant should start with the scales weighted on his side.

Sir John Woodcock's speech was more illuminating, and indeed more useful to their joint cause. He was willing to broaden the "rotten apples" argument about crookedness in the force, but he too blamed the bar, though at least he blamed the judges as well. Nevertheless, his solution was a Code of Ethics (there is already a

Statement of Common Purpose), and I have to point out that sprinkling capital letters about will not abolish crooked policemen.

I don't believe that we can ever make complete sense of our relationship with the police force. We need them, obviously; we admire them; yet we are disturbed by their very presence. It was not always so; when I was young, the policeman was, for everyone, a friend and a very present help in trouble, though we also knew perfectly well that there were crooks among them. Why, now, has the attitude changed? There is irony in this puzzle, as the rising curve of crime continues its climb, and we demand that we be protected from the criminals, we simultaneously feel uneasy, or even real fear, when we contemplate the force and its increasing powers. We are good at comforting police widows, but we can also call down real curses if our car is parked in the wrong place and the police remove it: we face both ways with the police.

Anyway, there they were, on that fateful October 13, two leading policemen making two leading speeches, both, as I have indicated, powerful and convincing. Yet the very day that the speeches were made we opened our newspapers to find accounts of one of the most shocking cases of police malfeasance in modern times. And if any police spokesman is inclined to say that there is no proof of any malfeasance, he had better start by saying why, if there wasn't, the force should have paid £50,000 in damages and aggravated damages, together with costs, to settle a case in which the force was being sued for false imprisonment, battery and malicious prosecution. Watch the plaintiff, Mr Frank Critchlow.

He was handcuffed and forced onto the ground while two officers sat on his back and one stepped on his face though not both at the same time, presumably. After being charged with possessing heroin and cannabis with intent to supply... he was acquitted... Now hear his counsel: "Mr Critchlow had been wrongfully and unlawfully arrested and detained at a police station, assaulted and injured in the course of the arrest and charged and prosecuted in relation to criminal offences, of which he was innocent, on the basis of evidence fabricated by the arresting police officers... The Commissioner was struck by damages and aggravated damages to compensate Mr Critchlow for... his degrading treatment... The officers conspired together to destroy or damage his reputation... by seeking to con-



nect him with dangerous drugs."

A bright lot, my readers; you have already guessed at Mr Critchlow's colour. Before I go on to comment, I must say that the officers responsible for his treatment should have been already sacked for stupidity; they picked on one of the figures least likely to fit the fit-up. Mr Critchlow is a fiery man, but a trusted and serious figure in his West Indian area; he was chief steward of the Notting Hill Carnival for 20 years, and he denounces drug-use. I recall writing about another such case: the victim was a lay preacher in the BBC who had never touched cannabis in his life. Should not

crooked policemen be sent on a course with some such title as *How to pick the right victim?* (Until recently, incidentally, there was a group of officers in the Notting Hill police station who called themselves the Black Watch. How tremendously amusing!)

Now, I take it, you realise that the two chief policemen might, had they known in time, have fixed a different date for their joint analysis of the police force and its needs and problems. For there is more to come: when Mr Critchlow's prosecution was going on, the number of policemen testifying against him ran into double figures, yet the jury, who surely couldn't all have been mahogany-hued drug-

peddlers, acquitted him of all the charges but one: this hideous crime — its awful gravity can be deduced from the fact that he was fined £50 for it — was for stepping one yard into an area in which he had been bound over from entering. (String him up, that's what I say.) But as for the other nine extravagantly sunburned people who had been arrested in the same round-up, these were all found not guilty (even of entering Tom Tiddler's Land), and I am waiting to hear that among the nine there were two bishops, Bodley's Librarian, Mother Teresa — well, she's a dork and no mistake — and a couple of cabinet ministers. Not that that is any guarantee of respectability, as Lady Bracknell pointed out.)

Am I too harsh? Should I wait for the disciplinary hearings, and hope that I live long enough (four or five years is a likely time, in which many of the fingered policemen will have been promoted)? Should I ignore the inescapable implication of the criminal jury's findings? Should I take notice of the usual idiot who tells me that forking out £50,000 and costs doesn't mean that the police admit the crimes? Should I be impressed by the huge number of policemen who gave evidence (some, I fear, gave "evidence") against Mr Critchlow, or should I be amazed at the keen-eyed officers who saw every detail of what happened in the fracas? Should I applaud the admirable staunchness of the Met in refusing to offer any apology to Mr Critchlow?

I probably shan't, not from cynicism but weariness. Two honourable and scrupulous chiefs of police made long speeches about the duties and character of the force they command, at the very moment when the news from the High Court was sawing, from beneath, a hole in the floor on which they were standing.

Have your Code of Ethics, gentlemen, and much good may it do you. As far as we, the public, are concerned, it will now have as much reality for us as the Code of Hammurabi. For the Critchlow case turns the speeches of both police chiefs into paper that the least fastidious pot-smoker would scorn to wrap his joint in.

### Ryder puts his back into it

RICHARD RYDER, who cancelled all sick leave for Tory MPs for last night's Commons vote, certainly believes in leading by example. Ryder, the Tory whip, has picked up a painful back injury playing tennis at the Vanderbilt Racquet Club.

Despite the excruciating pain, rather than submit himself to an operation, which would put him out of the political action for up to three months — and sideline him for the crucial debate on the Maastricht bill — Ryder has given John Major a promise that he will not abandon his prime minister before the key vote. He refuses to discuss his injury, playing down all suggestions of personal bravery. "It is a private matter," he says modestly.

Ryder has postponed a decision on going into hospital for the best of reasons. With Major having staked his reputation on getting the Maastricht bill through, the prime minister is relying on the acute political antennae of one of his closest friends to buy off Tory rebels and secure ratification of the treaty. The alarm in the Tory

high command at the prospect of losing Ryder during the Maastricht bill has been almost visible. Although Labour has always said it will support the bill, no one on the government benches is betting against what has become known in Downing Street as "the ambush theory". If John Smith, the Labour leader, thinks he could bring down the government, they believe, he could easily switch horses, claiming the issue was no longer Europe but the government's competence.

#### Material guile

THE hype over Sex, Madonna's silver-wrapped coffee-table pornography which went on sale yesterday, is about to extend

They've camouflaged the Madonna books



## DIARY

to the bloody battlefields of Bosnia. The latest gimmick, from publishers Secker and Warburg, is to shrink-wrap 3,500 copies of the book in a specially designed camouflage cover and send them post-haste to our boys on the front line. "I think it is a wonderful idea and one which should keep the men happy," says John Potter, publishing director.

The troops, hopefully, will be more appreciative than those who assembled in Covent Garden for the London launch on Tuesday night. After all the mystique, few of the great and the good turned out at the new Mezcaluna restaurant for a sneak slide preview with canapés. Among those who did turn up was Dave Stewart, formerly of the Rock band Eurythmics. "I only came because I live around the corner. All I will say is that my wife is one hundred times sexier than Madonna."

Not even displays of Madonna's Sex in bookshop windows could distract the Yorkshire miners from their protest on the streets of London yesterday. But the European Cup tie between Leeds United and Glasgow Rangers last night could. "Are there any televisions for us to watch *Match at Commons*?", they demanded when they met Leeds MP, John Battle. When they were told it was unlikely, the coaches were swiftly rearranged to get the miners home for the 8.05 kick-off.

#### Victory salutes

OPERATION Imperial War Museum started soon after 7 on Tuesday night, as General Norman Schwarzkopf, allied commander in the Gulf, launched his latest offensive, this time against reluctant British book-buyers. Schwarzkopf, in London to

publicise his autobiography *It Doesn't Take A Hero*, arrived late, as do all good star turns, at what was, ostensibly, his party. He had not reckoned with Baroness Thatcher, in at the start of the Gulf war but, to her eternal chagrin, not around at its end. She appeared just minutes after the general's entrance to make an even grander one. The battle then began in earnest as the two old fighters worked their way around the room, each offering compliments to the other.

"She is a great fighter," said Schwarzkopf, clearly nervous about the excitement Thatcher's presence had caused. Thatcher said: "He is marvellous. It is so wonderful to see him. What we need in this country today is more pugnacious people who are prepared to fight." And with that cryptic comment Thatcher abandoned the battle-field.

#### Stallin' Norman

THE story in the tabloids that Norman Lamont has a £900 unpaid bill from the Grand Hotel in Brighton has caused a wry smile at the printers, Gee Brothers.

The chancellor is said to be disputing the bill for his stay during the Tory party conference. "We laughed when we heard they had not paid the

Grand Hotel," says Andrew Pearson-Gee. "We have done a lot of work for the Lamonts over the years and they are always in the bill. But it is Mrs Lamont rather than the chancellor we deal with," says Pearson-Gee. At one stage the firm threatened to stop working for the chancellor if bills were not settled promptly. "One bill took three months to pay," says Pearson-Gee.

The last time Gee Brothers worked for the chancellor was when they printed the invitations for his 50th birthday party in June. By late August they were still awaiting the money, with the Lamonts insisting that the Treasury should pay, and vice versa. "Mrs Lamont wouldn't pay because she said the Treasury should pay," Pearson-Gee said.

After publicity in *The Times* diary, the Treasury finally coughed up in early September. But was the public purse ever reimbursed? "Of course," insists a spokesman. "There is no question of the taxpayer picking up the bill for any part of the birthday."

In his last budget, Lamont castigated those who fail to pay small businesses on time and set a 30-day time limit on payment to all suppliers applying for government contracts.



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## THE END OF RECESSION

■ John Major wants growth; here is how to achieve it

The government has at last accepted what has been apparent to many of us for months. The economy is endangered by lack of growth, not by inflation. Yesterday the Treasury and its critics were arguing about whether this was or was not a U-turn. Let politicians call it what they like: appreciation of reality under any guise should be welcomed not derided.

Although economic growth is primarily the responsibility of the private sector, a government does have the responsibility for creating the conditions for recovery. It is good to hear the prime minister lay such emphasis on that simple truth. Mr Major is now, it seems, prepared to grasp the opportunities as well as the responsibilities created by the withdrawal of sterling from the exchange-rate mechanism.

The government's responsibilities were clear from the beginning: without the discipline of the ERM, it had to use a tight fiscal policy to constrain inflation. But the opportunities can now be seized: unshackled from the Bundesbank, Britain can set interest rates to suit its own economic conditions.

For Mr Major's change of heart, both Arthur Scargill and Michael Heseltine should be thanked. The country was being moaned the lack of recovery in May but the government was not listening. Conservatives argued at Brighton for a change of course, but those on the platform were unmoved. Only when the government looked Commons defeat in the face did it start to ask why backbenchers were so angry. The answer was, superficially, pit closures; but deeper down, the state of the economy was to blame.

On Tuesday it became clear that no difficult policy would be passed by the House while Tory backbenchers were in this mood. Ratification of the Maastricht treaty would be impossible. And a tough public-spending round would be accepted only if there were sharp cuts in interest rates to match. Now that the prime minister is finally showing leadership, his life should become easier.

The Times has set out today, on page 18, its own guide to recovery. This contains a set of policies that we have been recommending for months or, in some cases, years. Not all the measures need to be taken at once. But a package needs to be in place to restore the confidence of consumers, businesses and the financial markets. Central to it must be a sharp cut in interest rates.

Central, too, must be a new face at the Treasury. After failing even to hint at a recovery plan in his speech to the Conservative conference, Norman Lamont has no credibility. If he were to announce a recovery package, investors might interpret it as a panic measure, particularly since he ruled out "kick-starting the economy through some artificial stimulus or device" in his evidence to the Treasury select committee only last week. The new plan needs a new Chancellor, and Mr Major could refine his leadership skills by giving Mr Lamont another cabinet job.

Whoever replaces Mr Lamont must have strong nerves. There is no point cutting interest rates dramatically if within a week or two they are raised again to protect sterling. Nothing would be more likely to crush what fragile confidence remains. If the Chancellor announces after cutting interest rates to 6 per cent that they will fall no further, the markets should calculate that sterling has reached its floor. But if it slips further, that is no reason to raise interest rates again.

Rates may be raised in the future if inflation becomes a threat. But they should not rise until the economy is firmly on the path to recovery. Lower interest rates should be the main plank of any programme to return to growth and if the government reneges on that policy, it will be finished.

Lower interest rates are a good Conservative route to recovery. They encourage pri-

vate-sector spending and investment. But the government must also continue to provide the infrastructure that makes the private sector competitive. Never has public-sector investment been so cheap: construction companies are desperate for contracts and each building worker who comes off unemployment benefit and into tax-paying work saves the government £8,000. Public-sector capital spending should be brought forward, from small items, such as new cars, to the massive, such as the channel tunnel fast link and London's Crossrail.

The more the government stimulates the economy through lower interest rates, the more important a tight fiscal policy becomes. Because capital spending must be protected, perhaps even increased, in this harsh economic climate, current spending will have to bear the brunt of the cuts. The government has already hinted at a 2 per cent pay ceiling for public-sector workers. A freeze would be more effective still, and would raise £2.5 billion, more than twice as much as the government's plan.

Public-sector wages have increased by 5 percentage points more than those in the private sector in the past two years. Public-sector employees have been almost insulated from the job insecurity from which the private sector has suffered. If ever there were a time for a pay freeze, it is now.

The other large component of current spending is social security. The government must freeze both child benefit and pensions — since both go to rich and poor alike — but raise by more than the rate of inflation the corresponding benefits that are targeted at the poor: family credit and income support for pensioners. This would save £750m.

Both measures would send a signal to the financial markets that the government is not embarking on a dash for growth, careless of the consequences for public borrowing or inflation. The Autumn Statement should be accompanied by a long-term plan for public spending that reiterates the government's intention to balance the budget over the economic cycle. If that involves future increases in taxes, so be it.

To unfreeze the housing market, another source of low consumer confidence, the government should announce that mortgage interest tax relief will be abolished on new mortgages in a year's time, and phased out on existing ones. That would provide an incentive for first-time buyers to come into the market before November 1993. It would rid the tax system of a distortion that subsidises the middle classes and the wealthy at the expense of the poor. And it would save the government about £1 billion in the first year, rising to £5 billion a year.

We believe that these measures will lead to a resumption of growth combined with low inflation. There are dangers, of course. The first is that, following the American example, even deep cuts in interest rates will not be enough and recovery will be as far away as ever. We judge that to be unlikely. Britain, unlike America, is an economy of floating interest rates. Because almost all mortgages and loans have a variable rate of interest, demand by both consumers and businesses is highly sensitive to interest-rate changes.

In the longer term, excessive inflation might resume. But after the 1979-81 recession, it took four years for inflation to return, and that was because the government deregulated financial markets, leading to a boom in lending, and compounded the inflationary effect by cutting interest rates and taxes at the height of the boom. This time, the government must be more vigilant and use interest rates as a counter-inflationary measure if ever boom looks like turning into bubble. Unemployment may not start to fall for some time. But soon the recession of '92 should be as a fading bad memory. The sooner the better.

## AGED AUNTIE

■ Stop this politically incorrect ageism at the BBC

There are good arguments why Marmaduke Hussey should or should not have had his contract renewed as chairman of the BBC. But his director general, Sir Michael Checkland, was wrong to adduce old age as one of them.

According to Sir Michael it was bizarre to have such an old man leading the Beeb into the next century. Would he have dared to use the argument that Mr Hussey was unsuitable because he was sexually, or racially, or physically disadvantaged. Discrimination because of age is called ageism: a silly name for a silly attitude.

Ronald Reagan was not elected president until he was Mr Hussey's age. At 69, Wagner composed *Parsifal*, Turner painted "Rain, Steam and Great Steam", John D. Rockefeller turned from making millions out of oil to giving away millions in philanthropy. Palladio built the Church of the Redeemer in Venice. Claude painted "Landscape with Dancers". Haydn composed *The Seasons*, and Newton wrote: "The boiling blood of youth puts the spirits upon too much emotion, or else causeth too many spirits."

This is a generation that believes that youth is the wisest as well as the best time, and that obsolescence follows shortly after adolescence. It is wrong. When Mr Hussey is due to retire in 1996, he will be only 73. At that virile age Sophocles was just getting into his stride. Verdi composed his greatest opera. Hitchcock directed *Frenzy*. Roget published his *Thesaurus*. Isaac Newton set up all night solving a mathematical problem sent to him by the young fibbertigibbet Leibnitz (aged 69), and John Nash enlarged

Buckingham Palace. In the cold eye of hindsight, the last was not such a good advertisement for the wisdom of age.

The director general could acceptably criticise his chairman for being out of touch, and for thinking that FM stands for "fuzzy monsters", though it is not necessary to have reached 69 to pass on the question to which the answer is "frequency modulation". He is allowed to claim that the renewal of Mr Hussey's contract was an attempt to emasculate the independence of the BBC in the run-up to the renewal of its Charter. But he was wrong to bring in the age factor.

Mr Checkland has now apologised, though he has not withdrawn his remarks. Nor should he, apart from that age statistic. It lets in a breath of fresh air when the functionaries of such a secretive and self-important organisation as the BBC, that retirement home for genteel folk, and now, not so gentle folk, speak out in public about their internal politics. Sir Michael was quite right to draw attention to the absurdity of the appointment of John Birt as his successor almost two years before the handover, introducing this period of futile and confused and demoralised transition. It is ridiculous for an chief executive to have his successor-in-waiting breathing down his neck.

Only the BBC could get into such a muddle. If its executives were not such caricatures, it would be necessary to invent them. But in spite of them, and in spite of mockery and hostility, it still produces some programmes that are the envy of the world. You pay your licence fee, and you get your tools of all ages.

## Pit closures: the economics of providing Britain's power

From Mr I. D. Bruce

Sir, As purchasers of large amounts of fuel for use in private power stations serving the soda-ash industry in Northwich we are already seeing closer alignment between British Coal prices and those of imports since the exchange-rate movements of a month ago. Every penny off the dollar is making British Coal more competitive and we do not want our purchasing choices restricted as a consequence of government decisions based on earlier distortions.

Parliament must also examine properly the comparative cost of electricity based on gas and on coal. Some published data indicate that coal-based electricity is cheaper. If this is so, how can the regional electricity companies purchase gas-based electricity while coal-fired capacity is available and at the same time honour their statutory obligation to buy from the cheapest source?

It is as well that this question is to be discussed in the trade and industry select committee (report, October 21) and if it takes time and results in some radical revisions in the present structure of the energy industry it will be time well spent.

Today the energy consumers' interests are very closely aligned with those of the miners. We need a much greater diversity in ownership of both fuel sources and of the means of generation of electricity to bring about a truly competitive environment.

Yours faithfully,  
IAN D. BRUCE  
(Director, Business Development),  
Brunner Mond & Co. Ltd.,  
PO Box 4, Mond House,  
Northwich, Cheshire,  
October 21.

From the Chief Executive of Nuclear Electric

Sir, I was disappointed to see Peter Reid's suggestion ("Give King Coal a chance to prove itself", *Business*, October 20) that in a genuinely competitive market there would be no buyers for nuclear electricity. Our marginal costs of production are cheaper than those of any other supplier and we can therefore be confident of keeping our share of the market.

Our total costs, which are higher than we would like, reflect past investment decisions and the need to raise the provisions for liabilities inherited from the CEBG.

The future of nuclear power will depend on our being able to demonstrate that new nuclear stations are fully competitive with all comers. We are increasingly confident that we shall be able to do so when the industry is reviewed in 1994. We favour a balanced energy policy.

Yours sincerely,  
ROBERT HAWLEY,  
Chief Executive,  
Nuclear Electric plc,  
Barnett Way, Barnwood, Gloucester,  
October 20.

From Professor James Lawton

Sir, All the contracts signed between ex-CEGB generators and the regional electricity companies (RECs) for the franchise market become void at the end of March 1993 and are under competitive renegotiation. In the interest of competition the regulator should also require the contracts signed by the RECs with independent generators to join in this renegoti-

ation, with one important addition — openness.

The right way to do this is through a new futures and options market. The consequences for RECs that had made uneconomic deals would be dire, but then so are the consequences for closed pits and closed coal-fired power stations.

Yours sincerely,  
JAMES LAWTON,  
38a Abbotswood,  
Guildford, Surrey,  
October 21.

From Mr Anthony Baker

Sir, Professor Colin Robinson ("Privatisation offers best chance of survival for pits on the hit list", *October 19*) says that "As far as one can tell, British Coal assesses pits for closure on the basis of their full costs...". That is not so: we assess our collieries on the basis of unavoidable cash costs. For example, depreciation on previous capital investment is excluded and costs taken into account are confined to projected necessary expenditure on wages, material and equipment.

Professor Robinson implies that privatising British Coal (and the mines proposed for closure in particular) would somehow cure the present problem. A privatised coal industry might well have lower costs: private management may be expected to reinforce the very practices (including the use of advanced mining technology and flexible working practices) which British Coal initiated in recent years and which have led already to enormous improvements in productivity and lower costs.

However lower costs will not by themselves create a market for coal where none is projected to exist. As Professor Robinson implies, the structural problems of the privatised electricity industry (with at least partly uneconomic construction of gas plants) and the protection of the most expensive nuclear sector are at the heart of the problem.

British Coal's regret at the need for last week's announcements cannot be overstated. However, without an immediate increase in the constrained coal market, the retention of extra collieries can only jeopardise the long-term prospects for the remaining collieries.

Yours faithfully,  
ANTHONY BAKER  
(Head of Economics),  
British Coal Corporation,  
Hobart House,  
Grosvenor Place, SW1,  
October 21.

From Mr W. M. Furness

Sir, In addition to helping to create new employment in the coalfields and assisting miners to retrain (report, *October 15*) British Coal Enterprise (BCE) has always made available to them free independent financial advice covering tax and investment of redundancy and retirement lump sums.

This takes the form of a seminar for those registering at job shops and new career centres operated by BCE.

Yours faithfully,  
W. M. FURNESS  
(Finance Director),  
British Coal Enterprise Ltd.,  
Edwinstowe House,  
Edwinstowe, Mansfield,  
Nottinghamshire,  
October 20.

## Charity trustees

From Mr Christopher McCall, QC

Sir, Mr John Goldsmith's letter of October 13, asking whether the trustees of a charity can be bound by a vote of its members, raises an interesting issue.

In the realms of charity, democracy has its limits, and one is that a charity may not exceed its permitted purposes. Trustees can take no comfort from a members' vote if their funds will thereby be devoted to a purpose outside the charity's remit.

Against that background there is surely much force in Mr Martin Ede's suggestion, made in his letter which you published in the same issue, that we need a national and recognised association of charitable trustees. Such a body could offer valuable assistance to those who volunteer their services in administering this enormous and vitally important segment of the public wealth; the burdens on them are all too easily

(and dangerously) underestimated, not least by themselves, while their duties can on occasion be lonely and unpopular.

Yours faithfully,  
CHRISTOPHER MCCALL,  
7 New Square,  
Lincoln's Inn, WC2,  
October 13.

From Mr David Forrest

Sir, Mr Ede (October 13) will be pleased to learn that active discussion is now taking place within the charitable sector about the setting up of an association of charity trustees. This has been triggered by both the Turrin report "On Trust" and my own report to the Charity Commissioners and the trustees of the Charities Aid Foundation, who commissioned me to examine the need for such an association.

From my experience as the former Secretary of the Charity Commission and from consultations with many of the principal bodies in the sector, I am

## Child prodigies

From the Headmaster of Chetham's School of Music

Sir, Without doubt "an alarming number of brilliant child musicians suffered mental difficulties later in life" (leading article, "A man for four seasons", *October 15*); however the emphasis is rapidly changing. Today, in schools where the skills of the phenomenally gifted are rightly prized, it is the education of the whole person which is seen as central. Efficient pastoral care and skilled teaching ensure that the individual on the fast track to the concert platform is educated for a lifetime, not merely groomed for the next hit.

Yours faithfully,  
PETER F. HULLAH,  
Chetham's School of Music,  
Long Millgate, Manchester 3,  
October 16.

## Caesarean birth

From Lord Donaldson of Lynton

Sir, Mrs Margaret Puxon, QC, FRCOG, writes (letter, *October 19*) criticising Sir Stephen Brown's ruling that a caesarean birth as being inconsistent with the decision of the Court of Appeal in *In Re T* (Law Report, August 21). In doing so she cites my judgment, but appears to have overlooked my reference to precisely the situation with which Sir Stephen was faced. I said:

An adult patient who, like Miss T., suffers from no mental incapacity has an absolute right to choose whether to consent to medical treatment, to refuse it or to choose one rather than another of the treatments being offered. The only possible qualification is a case in which the choice may lead to the death of a viable foetus. That is not this case and, if and when

From Mr Stephen Levinson and Mr Anthony Korn

Sir, Most criticism of the government's handling of the pit closures has been directed at its political judgment but some of the problems might have been avoided if the closure plans had taken closer account of British Coal's legal responsibility to consult the miners' unions for a period of 90 days before any of the redundancies took effect. This statutory obligation incorporates the 1975 European Directive on collective redundancies.

The failure to consult may expose British Coal (and the taxpayer) to thousands of claims for unfair dismissal. The prospect of British Coal resisting such claims will not have been significantly improved unless the proposed consultation is meaningful.

Yours faithfully,  
STEPHEN LEVINSON,  
ANTHONY KORN,  
Palmer & Co. (Solicitors),  
Bouverie House,  
154 Fleet Street, E.C4,  
October 21.

From Ms Abigail Hague

Sir, Mr Cyril Sherwood (letter, *October 21*) asks whether future generations of children will not learn with amazement about the dirt and dangers of coal mining. Will they not be equally amazed that many years' worth of a viable fuel energy resource were "trashed" under a concept known as market forces?

Yours faithfully,  
ABIGAIL HAGUE,  
127 Hunter House Road,  
Sheffield, South Yorkshire.

From Lord Kennet

Sir, You describe Tuesday night's Opposition victory in the House of Lords as an ambush (report, *October 21*, later editions). This term is usually used to describe occasions when Opposition peers keep out of sight until the division bell and then suddenly emerge. This did not happen on Tuesday night: the government was well aware there would be a division.

It is important to maintain the distinction because when a government knows a division is coming it has every opportunity to gather its troops if it can.

Yours sincerely,  
WAYLAND KENNET,  
House of Lords,  
October 21.

From Mrs Sonia Mayhew

Sir, Is the government really doing U-turns or is this what is commonly known as "going round in circles"?

Yours faithfully,  
SONIA MAYHEW,  
30 Elthron Road, SW6.

From the Rector of Balsham

Sir, Is there anything in A. P. Herbert's comment on the President of the Board of Trade: "This high official, all allow, is grossly overpaid. There wasn't any Board; and now there isn't any trade."

Yours faithfully,  
W. N. C. GIRARD,  
The Rectory,  
Balsham, Cambridgeshire,  
October 19.

## 'Spitting Image' portrayal of Christ

From the Chief Executive of the Independent Television Commission

Sir, Lord Ashbourne and others (letter, *October 19*) refer to the *Spitting Image* programme broadcast on October 11 and to the ITC's programme code. The puppet of Jesus Christ did cause offence to a number of Christians. That is a matter of genuine regret to the ITC.

Since the item was transmitted the ITC has had discussions with Central Television, which provided the programme to the ITV network. The ITC accepts that Central Television gave serious consideration to the acceptability of the item but has made it clear that in any future editions of *Spitting Image* they must exercise particular care to take account of deeply felt religious sensibilities.

As to religious broadcasting, the ITC's code does not, as the letter suggests, prevent the televising of a church service, rally or meeting at which Dr Billy Graham or any other Christian preaches the Gospel. The code's provisions are designed to implement the requirements of the Broadcasting Act 1990, which *inter alia* requires that religious programmes do not involve:

- (i) any improper exploitation of any susceptibilities of those watching the programmes; or
- (ii) any abusive treatment of the religious views and beliefs of those belonging to a particular religion or religious denomination.

Yours faithfully,  
DAVID GLENCROSS,  
Chief Executive, ITC,  
70 Brompton Road, SW3,  
October 20.

From Bishop Graham Leonard

Sir, The Church of England is not backward in commenting on public affairs but as far as religious matters are concerned its silence is frequently shattering. I understand that the Church of England made no effective public protest following the gurning of Christ in *Spitting Image*. It was left to the Muslim community to do so, which it did with effect. Do we now have to depend upon it rather than the Established Church to stand up for our Blessed Lord?

Yours faithfully,  
GRAHAM LEONARD,  
25 Woodlands Road,  
Witley, Oxfordshire,  
October 21.

## Spoil of war

From Mr Julian M. Deane

Sir, Some years ago I ended the practice of drafting wills with the opening words: "This is the last will and testament of..." I assumed that 900 years after the Norman conquest it was unnecessary to include both the Norman and Saxon words for a will as the descendants of the two communities accepted either term.

If Matthew Parris (article, *October 12*) is to be believed ("The Norman Conquest was a very great humiliation"... there is a "Norman-Saxon fault line") this was somewhat premature.

Yours faithfully,  
JULIAN DEANE,  
Myers, Ebner & Deane (solicitors),  
Medway House,  
103 Shepherd's Bush Road, W6,  
October 12.

## Morris women

From Mr S. P. Hargrave

Sir, I would recommend that Mr P. J. Holdaway (letter, *October 19*) leaves the verdant pastures of deepest Surrey and visits those parts of England where other traditions of English rural dance can be found. He seems only to have seen exponents of the Cotswold tradition: let him try the delights of Lancashire and Cheshire, where processional dances have long been danced with great precision and virtuosity by women as well as men.

I would agree that some forms of dance — for example the border morris, found mainly in Shropshire — are indeed most effective as a spectacle when danced by men, but let us not be sexist about this. There is little or no evidence to prove that traditional dances were only danced by men. In some areas, traditional dances have only been kept going because of significant efforts by many dedicated and enthusiastic women.

Yours faithfully,  
S. P. HARGRAVE,  
72 Alva Way,  
Carpenters Park,  
Watford, Hertfordshire,  
October 19.

## Harder to remember

From Rear Admiral I. G. W. Robertson

Sir, Could I ask you, kindly, to advise the members of the Craft (Can't Remember a Flipping Thing) Club — now well over 4,000 — that their president (me) went to the theatre in Brighton the other night to see a play. On presenting the tickets at the door he was advised that he had arrived a month too early.

Yours faithfully,  
IAN ROBERTSON,  
Moons East, Barcombe Road,  
Pitdown, Sussex,  
October 19.

Business letters, page 29  
Sports letters, page 43

Letters to the editor should carry a daytime telephone number. They may be sent to a fax number — 071-782 5046.







# THE RIGHT REV GERALD ELLISON

The Right Rev Gerald Alexander Ellison, KCVO, PC, Bishop of London from 1973 to 1981, died on October 18 aged 82. He was born on August 19, 1910.

GERALD Ellison was the son and grandson of distinguished clergymen and was perhaps one of the last great statesman bishops who have given much to the Church of England and the nation in the last 150 years.

Although easy to caricature as a pompous and conservative churchman, he was in fact very far from that as a close look at his life makes clear. Could a conservative, for instance, have voted as early as 1966 for the ordination of women to the priesthood or appointed two Suffragan Bishops to firmly convince socialists?

ow of the throne and of Lambeth where he remembered dining with Davidson in the days when there were 30 domestics in the palace. He began his education as a chorister at St George's, Windsor, where the foundations were laid of his lifelong love of music and his very considerable expertise, and he always retained his affection for the Chapel. From Windsor he went to Westminster where he was a fine oar and, going up to New College, he was soon in the races of 1932 and 1933, and in 1934 was president but stood down from the race through lack of form. He retained his lifelong association with rowing and often umpired the boat race and judged at Henley.

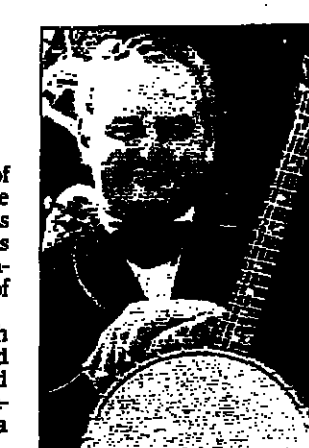


Battle of Cape Matapan. His firmness over the incident on the *Barham* saved his life for she was subsequently sunk with great loss, including that of his successor.

From New College he went to Westcott House, Cambridge. He later became chaplain to Cyril Garbett who was then Bishop of Winchester and began an association which was to be the foundation of his subsequent ministry. In 1939 he immediately volunteered and joined the Navy where he became Chaplain of the battleship HMS *Barham*. After a disagreement with the captain over the arrangements for divine service he was transferred to the *Orion* and was mentioned in dispatches for his part in the

case. It required, too, not a little courage to stand up to the Archbishop who could at times be somewhat overbearing, but at the same time he learned an immense amount about the job.

From Bishopshorpe he went to be Vicar of St Mark's, Forres, where in 1947 he married Jane Gibbon, daughter of Brigadier John Gibbon. After only four years there he was offered the Suffragan See of Willesden by Bishop Ward and thus began his association with London. From Willesden he went in 1955 to be Bishop of Chester where he was to remain for 18 years. He was a member of the Archbishop's commission on Women in Holy Orders and came down firmly on the side of the ordination of women to the priesthood.



and together they went out as The Banjo Kings between libations. For much of the 1970s there were concerts, festivals, broadcasts and tours in cabaret with the Vintage Syncopators.



Gert Bastian, the former Bundeswehr general who was found dead with his companion Petra Kelly, co-founder of the German Green Party, at their Bonn home on October 12 aged 69, had, like her, been a deputy in the Bundestag. He was born in Munich on March 26, 1923.

THE recruitment of such a figure as Major-General Gert Bastian to the ranks of the Greens in the wake of his dismissal from the German army in 1980 added a quite unlooked-for species of authority to the party's cause. He was not a man with a long history of belying and self-doubt, but a disciplined senior officer who had commanded Panzer forces against both the Russians and the Americans in the second world war. His appearance in the van of Green activity naturally

acted as a magnet to many who were not convinced that there was not something slightly irresponsible about the party or who were still suspicious that it represented communist subversion. To hear a high-ranking Nato officer exposing the apparent fallacies in the alliance's defence policy stillled many doubts.

His subsequent election to the Bundestag gilded this lily, while his taking up appointment as the Greens' representative on the parliamentary defence committee gave the party a respectability which it could hardly have looked for (and which many of its members could not stomach). This honeymoon was short. Within a year Bastian had left the Greens to sit as an independent, claiming that the party's policies were too one-sided and anti-American to be plausible. However, his relationship with Petra Kelly survived this parting of the political ways, and they re-

mained devoted to each other. Gert Bastian had been a soldier from his earliest youth. He had volunteered for the Wehrmacht at the age of 16 and after training was sent to the Russian front. He was wounded twice before being transferred to the Western front. By 1945 he was commanding a company in an armoured pioneer battalion.

Returning to Munich after the war, he joined the conservative Christian Social Union (CSU) while working a bookbinder's apprenticeship. But his heart remained very much with military matters and the formation of the Bundeswehr in 1956 gave him a chance to continue his army career. He rose rapidly and was promoted major-general in 1976 and given command of the 12th Panzer Division at Völschöheim near Würzburg. Welcoming a thousand new recruits to his division, he

# GERT BASTIAN

# CHARLIE SMART

Charlie Smart, banjo player, died on September 30 aged 53 following a heart attack. He was born on January 23, 1939.

CHARLIE Smart was one of the last of the great old-style banjo virtuosos and his prowess on the instrument matched his immense clubbability and laconic north-country sense of humour.

His natural talent on both tenor and G banjos, combined from an early age with solid tuition, made him a formidable contender at many a national banjo competition.

In complete contrast to today's wearing electronic, micro-tonic, trance-noise, he rather preferred to transfix the listener with dazzling items such as the *William Tell Overture* and his prime inspiration was the American banjoist and multi-instrumentalist, Eddie Peabody.

From the late 1950s and into the 1960s he worked with the celebrated Trois and his Banjoliers, took to the road home and abroad with the Back-O-Town Syncopators, and was heard to great effect within the ranks of Spencer's Washboard Kings (with whom he recorded in 1968), notably at the Dixieland Bar of the central pier, Blackpool. By this time he had taught his younger brother Leslie

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### WORD-WATCHING

Answers from page 22

**AGIES**  
(b) A shield or defensive armour, applied in ancient mythology to the agie-thing, whatever it was, of Zeus or Athena, hence a protection or impenetrable defence, of uncertain etymology. "He cast over them the agie of his own mighty name."

**APPETENCE**  
(b) The action of seeking for or longing after, appetite, desire, from the Latin *appetere* to seek, urgently. "To love, and in the appetite of love/To deem thyself beloved."

**QUONDAM**  
(c) That formerly was or once existed, hence the former holder of some office, one who has been deposed or ejected, from the Latin *quondam* meaning formerly. "I see thy quondam friend/Hath come to say his hopes are at an end." Shakespeare *LLL*. "I did converse this quondam day with a companion of the king's."

**CACHET**  
(c) A distinctive mark, stamp, originally a seal, from the French *cachet* to hide or conceal. "All his pictures have a grand cachet; he never did anything mean."

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## Pressure builds for approval of Jubilee extension

By JON ASHWORTH

### Steps to relocate 2,000 engineering staff to Canary Wharf may begin early next year

HOPES for the Jubilee Line extension rose yesterday as bankers and Canary Wharf administrators stepped up efforts to persuade the government to approve the project.

London Underground has promised to move up to 2,000 staff to Canary Wharf if the government agrees to build the new line. Bankers had agreed to contribute £180 million to the cost of the project if ministers in turn relocated 2,500 civil servants to Docklands.

A commitment by London Underground would provide income to fund the private-sector contribution to the £1.6 billion line, ending the deadlock with Whitehall. The government is expected to make an announcement on the fate of the project soon.

Steps to relocate about 2,000 engineering staff to 30 The South Colonnade, which has 270,000 square feet of available space, could begin early next year, when several

short-term leases on London Underground properties come up for renewal.

London Underground has a policy of housing staff close to its own network and would not agree to a deal that did not include the Jubilee Line extension. Administrators to Canary Wharf, led by Stephen Adamson of Ernst & Young, are believed to have offered attractive incentives to persuade London Underground to choose the Docklands site. Sources confirm that the deal would make "good commercial sense".

A decision to move to Canary Wharf would free premises in west Kensington

to be used as a training centre. London Underground had been planning to build a vocational training centre at Acton, west London, to replace an aging facility at White City. Cancelling the project would save several million pounds.

This month, Texaco, the American oil group, announced plans to move 1,000 staff to Canary Wharf early next year. This was almost the first piece of good news the development had received since it went into administration in May, but there was a price. Texaco's option to buy 230,000 square feet at 1 Westferry Circus, Canary Wharf, can be triggered after ten years quite cheaply, for £30 million.

Other prospective tenants have backed away. American Express recently confirmed that it was not moving its head office to Canary Wharf. Manufacturers Hanover, the investment bank, also reversed a decision to go there.



Pot luck: Paul van Zuydam expects UK sales growth

## Le Creuset ahead at half time

By PHILIP PANGALOS

LE CREUSET continued to buck recession with a 4.2 per cent rise in first-half profits, but recent falls in sterling and the dollar might squeeze full-year earnings growth.

Improved trading margins, following heavy investment in automation to reduce costs, helped pre-tax profits at the up-market French cookware and tableware group climb to £1.15 million in the six months to June 30, despite a £316,000 charge relating to redundancy costs.

The USM-quoted company saw sales advance by 15.3 per cent to £17.8 million, boosted by a full contribution from Screwvill, a corkscrew and wine accessories business.

Paul van Zuydam, the chairman, said Britain, France and America were the main markets; Japan also made a "satisfactory" contribution to sales. "The United Kingdom has been showing a lot of resilience and we expect further growth in the second half," Mr van Zuydam said.

Earnings edged up to 4.6p a share, against 4.4p last time. As usual, the company is not paying an interim dividend. The shares firmed 1p to 281p.

## Isle of Man will pay £4.5m compensation

MANX MPs voted almost unanimously to pay £4.5 million compensation to people who lost money in the 1982 collapse of the Isle of Man Savings and Investment Bank (SIB). Miles Walker, the chief minister, told Tynwald, the island's parliament, that the Manx government bore no legal liability. But there was responsibility, as shown in the Chadwick report, for lack of supervision of the SIB at the time of the collapse.

The government scheme, framed to benefit small individual depositors and passed by 30 votes to three after a two-hour debate, would meet 50 per cent of losses to a maximum of £5,000 and add to the 27.5 per cent dividend the savers had already received from the bank's liquidation.

## Chesterfield improves

CHESTERFIELD Properties yesterday reported improved interim profits for the first half of 1992, but is cutting its interim dividend by half. Pre-tax profits in the six months to end-June rose from £2.37 million to £3.39 million, largely thanks to an improvement in rental income. However, the interim dividend has been from 7p to 3.5p a share, and the directors warn shareholders that "dividend policy will be reviewed again at the time of the final dividend, when the prospects for interest rates may have become clearer".

## Film firm lifts dividend

BRITISH & American Film Holdings, the investment company and film library owner, is raising its dividend 12.6 per cent to 3.8p and intends to maintain a similar rate of increase in the final payout. That comes despite a 13.5 per cent drop in pre-tax profits to £596,627 in the six months to end-June. There was a fall in revenue from the distribution of films produced by subsidiaries and from investments in theatrical productions. Turnover fell by 25.7 per cent to £77,531. Earnings slipped to 16.21p (18.58p).

## Wensum cuts payout

WENSUM Company, the designer of corporate clothing and menswear, is cutting its interim dividend to 0.575p (1.15p) a share after slipping into the red at the half year stage. The USM company suffered a pre-tax loss of £46,000 in the six months to end-July, against a profit of £32,000 last time. Poor demand in the high street and the loss of an important customer contributed to a decline in turnover to £2.83 million (£4.18 million). There is an 0.43p loss per share (2.97p earnings).

## Pressure still on pay

ENGINEERS' wage settlements fell to an average 3.1 per cent last month as the recession kept up pressure on pay. The September figure from the Engineering Employers' Federation, which covers 34 employers, compares with the 3.6 per cent September retail price figure. The EEF reported 196 pay settlements in the three months from July to September, covering 20,998 employees. The average settlement level for the three month period is 3.35 per cent. There were no settlements above 6 per cent.

## Lerose earnings dive

HOUSE of Lerose, a womenswear designer, blamed poor demand for its branded clothes in Britain and the Netherlands for a collapse in pre-tax profits from £425,000 to £51,000 in the six months to June 30. There is an unchanged interim dividend of 3p, which is uncovered by earnings of 0.6p a share. Turnover fell from £7.8 million to £6.5 million. The company said it was concentrating on designing and marketing clothes, though the benefit would not be felt until later next year.

## EC threatens Italy

THE European Commission is threatening Italy with legal action unless it lifts restrictions on trading rights of foreign stockbrokers and banks. Italian law requires companies trading on the Milan stock exchange to be incorporated in Italy. This contravenes an EC directive. Leon Brittan, the competition commissioner, has written to the Italian government saying it would be referred to the European Court unless it produced evidence within two months that it had taken steps to repeal the law.

## MSR drops option on Emerald

By MARTIN BARROW

MIDLAND and Scottish Resources, the oil production and services group, will not exercise an option to acquire the Emerald Producer rig because it is unable to secure the required bank guarantees.

A subsidiary of MSR was granted an option by Trafalgar House, owner of the rig, to acquire the production facility, now employed in the Emerald field in the North Sea under charter, for £120 million. Instead, EPCL, the subsidiary, will continue to charter the rig at \$65,000 a day for the life of the Emerald field.

Emerald Producer was at the centre of a long dispute between MSR and Davy Corporation, the contractor building the rig. The rig was delivered to MSR more than 16 months behind schedule and Davy, crippled by cost overruns, succumbed to a bid by Trafalgar House.

MSR reported pre-tax losses down from £3 million to £1.9 million for the six months to end-June, resulting in a loss of 0.93p a share (1.3p loss). There is again no dividend.

## Recession boosts Alexandra

By OUR CITY STAFF

ALEXANDRA Workwear, Europe's largest supplier of work and protective clothing, bounced back into the black. It benefited from a tendency by recession-hit businesses to regard work uniforms as a cheap way to brighten their images.

The company made a pre-tax profit of £672,000 in the 28 weeks to August 15, compared with a £247,000 loss last time. A 2 per cent erosion of margins, caused by higher costs, was largely responsible for a 32.7 per cent fall in trading profit to £1.76 million.

John Prior, the chief executive, said borrowings had been cut by £2.6 million to £13.5 million and gearing was down to 62 per cent (73 per cent). Stock levels were cut by 8 per cent. Year-end gearing is expected to be below 50 per cent.

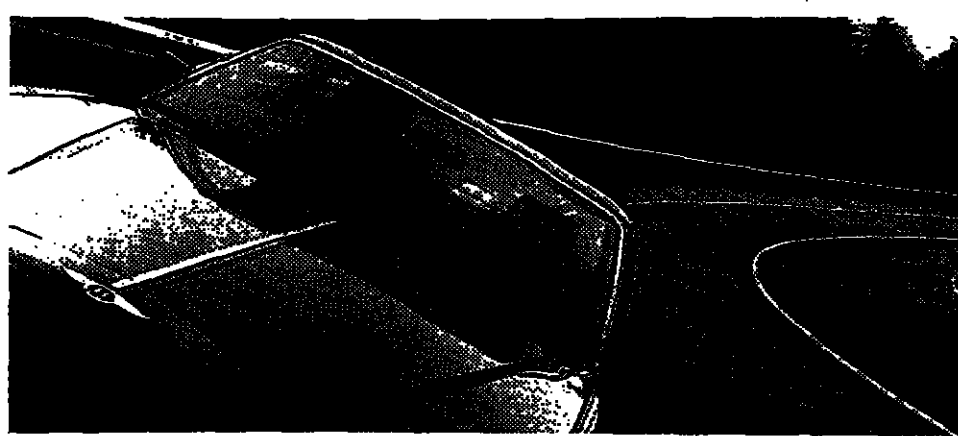
Mr Prior remains "cautiously optimistic on prospects, even without any upturn in activity". The interim dividend is held at 1.8p, though the company had to dip into reserves to maintain it. The shares firmed 2p to 73p.

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## Director quits Halifax as his job 'disappears'

The sudden departure of a possible successor to Jim Birrell as chief executive of the Halifax adds to the uncertainty that has swept through the building society industry at the highest level

By LINDSAY COOK, MONEY EDITOR

THE Halifax Building Society announced yesterday that Mike Whitehouse, its operations director, has resigned. As late as last month, he had been on the internal short list to take over as chief executive when Jim Birrell retires next August.

Mr Whitehouse, number two at the largest society, will leave "within days" and has already resigned from the board. Mr Birrell is taking responsibility for the operation of the building society. Mr

Whitehouse, 47, joined the society 28 years ago as a clerk at head office. David Gilchrist, general manager said "the operations job has disappeared."

He stressed the resignation did not signal any change of policy at the Halifax. Last week, Nationwide Building Society announced that it had made John Hutchinson, its corporate strategy director, redundant. He lost his job three days after being relocated in Swindon.

The Alliance & Leicester is also without an operations director. Peter White was promoted to chief executive when Scott Durward left the society earlier this year.

John Wrigglesworth, an analyst at UBS Phillips & Drew, said that Mr Whitehouse was probably the favourite among the internal candidates to succeed Mr Birrell. "He was a bit bluff and a bit sharp at times," he added. The other internal candidates at the Halifax are Gren Folwell, finance director, and Derek Taylor, managing director of Halifax Estate Agencies.

An announcement is likely to be made in the new year and building society observers now expect the society to choose an outsider for the first time. Industry frontrunners are Mike Blackburn, chief executive of the Leeds Permanent, fifth-largest society. He has banking experience and is a high profile and sometimes blunt leader. Andrew Longhurst, chief executive of the Cheltenham & Gloucester, and the best paid building society head despite running only the sixth-largest society, is also regarded as a frontrunner. Peter Robinson, number two at the Woolwich, might also be considered.

If the Halifax still harbours ambitions to follow Abbey National to become a public company, then a chief executive from an existing plc would be a likely candidate.

Brian Pearce, chief executive at Midland Bank, is a possible candidate although analysts say someone from the retail sector would be better.

Jon Foulds, the Halifax chairman, is expected to play a key part in the selection.

## More cases examined by Lauto

By OUR MONEY EDITOR

THE Life Assurance and Unit Trust Regulatory Organisation (Lauto) has more cases going through its disciplinary process than at any time in its history.

Barry Sherlock, chairman of the regulator, says in his annual report that its first priority in such cases must be to put things right for investors and to correct faults within members' operations.

In July, Scottish Widows was required by Lauto to carry out an examination of all the policies sold by its tied agents over the past four years. This followed an inspection that showed that insufficient information was detailed about investors on fact finds. If the wrong policies were sold to these investors the company will have to put them back in the position they would have been in had they not invested.

Mr Sherlock said: "We do not normally have difficulty in ensuring that members do what is necessary to put things right and in getting their internal operations straight. In some cases, the offence may be such that disciplinary action is also necessary but that is the second priority and comes later."

Three companies have been fined this year by Lauto. Previously, the regulator could not impose fines.



Healthy package: Harold Evans, chairman of Boxmore International, the Northern Ireland packaging company, after announcing a 22.6 per cent increase in pre-tax profits to £2.05

million in the half year to end-June. Shares in the USM-quoted group rose 13p to 190p on the news. Turnover, boosted by acquisition, grew by 56.1 per cent to £15.8 million. Earnings rose

to 7.3p a share, up from 6.2p last time. The interim dividend is being increased to 1.15p a share, against 1.075p a share last time. Boxmore had £4.6 million net cash at end-June.

## Brittan moves on cheaper European telephone calls

By OUR BUSINESS STAFF

SIR Leon Brittan, the European Community competition commissioner, took a tentative step towards liberalising Europe's booming telecommunications market yesterday and appealed for the industry's operators and users to press for further deregulation.

The European Commission yesterday agreed a report, on the pricing of telephone calls, which suggests international calls between EC states should be open to competition. Even this modest proposal was delayed until after the French referendum on the Maastricht treaty and will be fought by several governments led by France and France Telecom, its aggressive national telephone company.

But businesses which spend huge sums on telecommunications services have sent a letter through the International Telecommunications Users Group (Intug), their trade association, to Jacques Delors, president of the European Commission, urging faster progress in liberalising the sector. European businesses, Intug claims, will be left behind

their US and Japanese counterparts unless charges are driven down by competition.

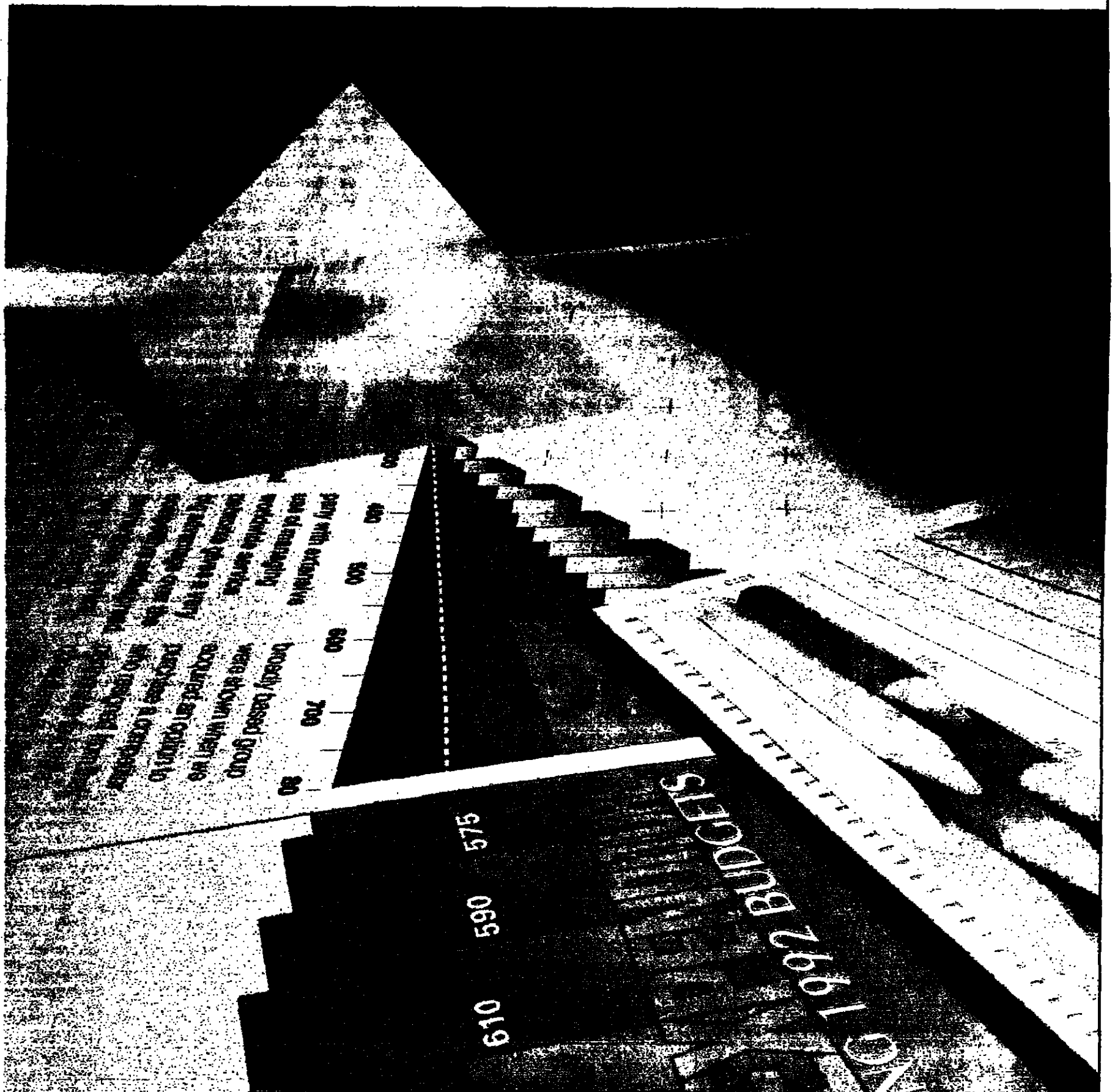
Intug is particularly concerned at delays in the telecom's services review because the commission's preference to start by liberalising trans-border telecoms does not infringe the principle of subsidiarity.

"Lack of action can only be explained in terms of protection of sectorial interests, contrary to the spirit of the Treaties of Rome and Maastricht," the letter reads.

Outside the UK, state-owned telephone operators in Europe have a monopoly over telephone service both within their own markets and for international calls. The result is that calls made across Europe are significantly higher than calls made over similar distances in America, where competition was introduced in the early 1980s.

If accepted, the European Commission's plan would give BT the right to run voice services from any other member state within the European Community.

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## TEMPUS

## Smiths Industries offers happy returns

SMITHS Industries has ready answers for those who might question the holding of £120.1 million of net cash as at August 1, and who might ask why it is not paid back to shareholders.

Roger Hurn, chairman and chief executive, would argue that Smiths makes good returns for shareholders, citing £13.8 million of net interest received in the year; that cash holdings are useful ammunition for acquisitions; and that Smiths is acquisition minded.

The group, in any case, already pursues a progressive dividend policy, a claim he can justify by pointing at the 1992 final dividend that rises from 6.8p to 7.15p a share, making 11.25p (10.7p) a share for the year.

In a year when life was not easy for aerospace and industrial activities, but was a happier one for medical systems, Smiths achieved pre-tax profits of £102.2 million, compared with a re-stated £109.8 million earned in 1991. Profit margins were maintained at 14 per cent, and although net earnings slipped from 25.2p to 23.3p a share, cover remains a respectable 2.1 times.

Defence and civil aerospace activities have clouds of uncertainty overhanging pros-

pects, but it is beginning to look as though the rate of profit deterioration is slowing. Most of the £5.1 million (£8.7 million) exceptional charge related to the aerospace division in 1992. Meanwhile, orders are coming through for the Boeing 777.

Within the industrial division, Smiths achieved margins of 14 per cent, and all business generated cash. The star performer was medical systems, and two acquisitions made for a total £80 million towards year-end should help to lift both sales and profits even higher.

Shares were 21p higher at 329p yesterday, helped by re-affirmation of a progressive dividend policy. Profit hopes this year are for £106 million pre-tax, which would put the shares on 13.6 times prospective earnings. They are well worth holding.

## Rank Organisation

ONCE Rank Organisation shares had hit a five-year low in early September there was only one direction for them to go, and Black Wednesday and the falling pound was the market's excuse to send them



Question time: Roger Hurn, head of Smiths Industries

that way — no matter that Rank, widely perceived as a dollar earner, has 60 per cent of its debt in dollars and interest payments that almost exactly balance earnings from some decidedly sick businesses in America. This misconception has sent Rank shares

rebounding from 451p early last month to 547p, 39p of that in the past two days. Debts were £989 million at the half-year stage and have been reduced by almost £50 million since then by asset sales. Rank has also had the benefit of seasonal inflow

from businesses such as Budins, although the headline figure when the balance sheet is ruled off at the October 31 year-end will clearly be swollen by the rise in the value of dollar.

Michael Gifford, the chief executive, is doing the rounds of City institutions ahead of the year-end, and talk is doubtless turning to the possible £300 million sale of the film side, including the Odéon cinema chain. While Rank is unlikely to turn down such a sum for the business, reports of its imminent sale are more likely to have emanated from an ambitious merchant bank than from the company itself.

Jane Anson, of Barclays de Zoete Wedd, has the shares on 13.5 times this year's earnings and 10.9 times those for 1992-93. Rank has debt facilities of £1.3 billion over five years and is in no imminent danger of bumping its head on that particular ceiling. The shares retain long-term recovery potential.

## Wetherspoon

JD Wetherspoon has some excellent pubs to go with its silly name, but the prospect for the company's flotation is a distinctly sour brew. The float is one of those increas-

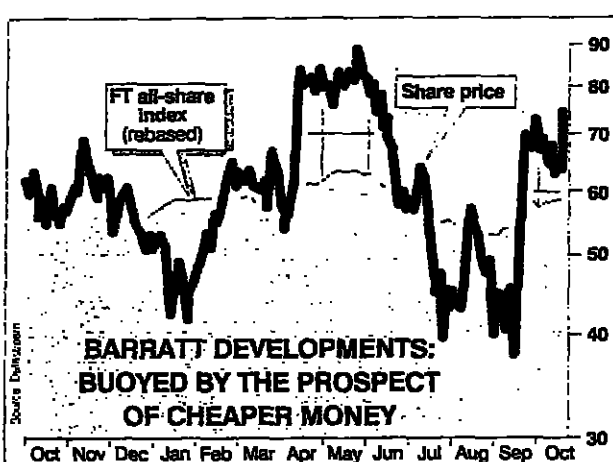
ingly popular intermediate offers whereby most of the shares are placed firm and the balance are made available to brokers' private clients. The shares can expect to attract the usual silly money that always chases fun stocks.

The company, which makes its money by converting shops into the sort of old-fashioned pubs that value a fair pint above any number of machines, depends heavily on further conversions for any future growth, as the prospectus makes clear. But such growth carries with it heavy debts: gearing will fall from 50 to 26 per cent after the £18 million of new money comes in after the float, but will climb back to 50 per cent once those sites taken on with the necessary planning permission are developed.

The core concept of turning derelict high street shops into pubs is a questionable one. JD Wetherspoon is floating on an unexciting 12.9 times historic earnings and on a 20p premium to the 140p net asset value per share. Investors considering applying for shares might note that the wily Scottish Newcastle group is doing the opposite and selling its entire holding. Watch out.

## STOCK MARKET

## Optimistic investors chase prices higher



THERE were plenty of bargains on offer in the retail sector as investors chased prices sharply higher in the belief that another cut in interest rates will provide the economy with a much-needed boost.

Their optimism, and that of the Chancellor, was highlighted by the latest retail sales figures showing an unexpected rise of 0.2 per cent in September, the third consecutive monthly rise. The Chancellor said it indicated a clear upward trend.

There were solid gains for the likes of Argos, 16p to

258p, Burton 3p to 43p, Dixons 13p to 222p, Kingfisher 20p to 523p, Marks and Spencer 9p to 337p, Next 3p to 108p, Sainsbury 3p to 90p, WH Smith A 12p to 466p, Storehouse 5p to 150p, and MFI 8p to 115p. But analysts were expressing scepticism about the Chancellor's assumption.

Nick Hawkins, retail analyst at Kleinwort Benson, the stockbroker, said: "The fact that the September figures were positive did come as a surprise. But indications from the high street more recently indicate that sales have fallen

off sharply. "He added that the rise in the level of unemployment meant fewer people were passing through the stores.

"The latest estimate indicates that footfalls are down by around 3 per cent. That means that those people still with jobs have to spend at least 4 per cent more to make up the leeway", he said.

The rest of the equity market extended Tuesday's gains amid clear indications that market-makers are starting to feel the squeeze of stock shortages. The FT-SE 100 index, up more than 40 points early on, saw its lead cut back after the Bundesbank made an effort to dampen speculation about a cut in German interest rates despite clear signs of an easing of its monetary policy. The index finished 28.7 higher at 2,645.7, with turnover reaching 850 million shares.

There were double figure gains among blue chips, but it was easy to see where the stock shortages were occurring, with Bowerup up 26p at 883p, Redland 24p to 347p, BAT Industries 20p to 879p, Ladbroke 11p to 160p and Courtauld 13p to 473p.

Guinness ended 2p lighter at 527p after Moët Hennessy Louis Vuitton gave a presentation in Paris warning that 1993 looked like being a difficult year for sales of champagne and cognac. LVMH and Guinness have cross-holdings in each other.

BAA suffered a reversal, losing 22p to 731p after UBS Phillips & Drew said the shares had moved ahead of events. However, Kleinwort Benson remains a buyer. Resellers for 23p to £12.13 ahead of a speech by Peter Job, chief executive, at a world telecommunications seminar in London later today.

The building industry has also been encouraged by the

prospect of another imminent cut in interest rates. But analysts insist it could be another two years before the benefits of lower interest charges are reflected in an upturn in building activity.

Even so, there were still gains for the likes of Barratt Developments, up 9p at 73p. Improvements were also seen in Amec 11p to 75p, Berkeley Group 6p to 225p, Bryant Group 5p to 84p, Hewlett-Packard 4p to 74p, Higgs & Hill 4p to 38p, John Laing A 8p to 178p, JY Lovell 1p to 11p, Alfred McAlpine 3p to 90p, MacCarthy & Stone 5p to 32p, John Mowlem 2p to 56p, Persimmon 4p to 176p, Rainie Industries 3p to 79p, Tay Homes 3p to 134p, Taylor Woodrow 7p to 59p, Wilson Bowden 13p to 285p, Wilson Connolly 13p to 130p, and George Wimpey 11p to 106p.

The mark-up also spilled over into the building suppliers, with rises in Meyer Inter-

BZW is thought to have cut its Tesco pre-tax profit forecast for the year by £10 million to £570 million and for 1993 by £20 million to £620 million. Analysts say Tesco, 1p cheaper at 237p, is not achieving the returns that Sainsbury, 1p firmer at 490p, and Argyl, unchanged at 358p, are.

national 4p to 205p, Phoenix Timber 4p to 25p, Travis Perkins 7p to 131p, Wolseley 10p to 418p, BPB Industries 12p to 157p, Blue Circle Industries 10p to 146p, CRH 16p to 208p, Capes 5p to 173p, Marlow 9p to 80p, and Evered Barton 4p to 30p. Revised bid hopes also lifted Pilkington, the glass manufacturer, 5p to 83p.

The financial sector continued to draw strength from the move towards cheaper money. Barclays rose 11p to 324p, HSBC 10p to 493p, National Westminster 12p to 361p, Abbey National 7p to 326p, and Bank of Scotland 1p to 116p. The exception was Lloyds, which finished 10p lower at 424p, after touching 454p, on talk of a downgrading by Warburg Securities.

MICHAEL CLARK

## WORLD MARKETS

## Shares flat in early trading on the Dow

New York — Shares were flat in late morning business after an earlier foray into negative territory as investors monitored the Dow Jones industrial average's failure to breach psychological resistance at 3,200. The Dow was little changed at 3,186.83 compared with a session high of 3,199.80 and a low of 3,179.81. Among NYSE issues, declining shares barely topped advancing issues on volume of 72 million shares.

Tokyo — Shares closed firmer after a day of lethargic meandering and the Nikkei average ended above 17,000 for the first time since Friday. Futures-linked programs lifted prices near the close, but most investors remained on the sidelines, edgy about politics, the economy, and corporate earnings.

One trader said: "Everybody is just watching, the only trade going on is index-linked activity tied to futures. There seems to be no escape from this sideways movement for a while." The Nikkei average

ended up 153.86 points, or 0.91 per cent, to 17,141.52, with an estimated 170 million shares traded.

Frankfurt — A moderate cut in a key German money market rate proved too small to fuel hopes of a near-term cut in leading interest rates, and market participants believed the recent bear market rally had now reached an end.

A 15 basis point cut in the lowest interest rate in this week's securities repurchase tender to 8.75 per cent disappointed market hopes for a 40 or 50 point drop. The Dax index ended 7.65 points lower at 1,503.90, chipping away at strong gains earlier this week.

Hong Kong — Shares are expected to continue consolidating last week's sharp gains in the face of uncertainties concerning the American presidential election and the visit by Chris Patten, the governor of Hong Kong, to Peking, analysts said. The Hang Seng index ended off 1.40 points at 6,088.51. (Reuters)

## WALL STREET

Oct 21	Oct 20	Oct 19	Oct 18	Oct 17	Oct 16	Oct 15	Oct 14	Oct 13	Oct 12	Oct 11	Oct 10	Oct 9	Oct 8	Oct 7	Oct 6	Oct 5	Oct 4	Oct 3	Oct 2	Oct 1	Oct 31	Oct 30	Oct 29	Oct 28	Oct 27	Oct 26	Oct 25	Oct 24	Oct 23	Oct 22	Oct 21	Oct 20
AMP Inc	62	60	59	58	57	56	55	54	53	52	51	50	49	48	47	46	45	44	43	42	41	40	39	38	37	36	35	34	33	32	31	30
AMP Corp	62	60	59	58	57	56	55	54	53	52	51	50	49	48	47	46	45	44	43	42	41	40	39	38	37	36	35	34	33	32	31	30
AMP Energy	62	60	59	58	57	56	55	54	53	52	51	50	49	48	47	46	45	44	43	42	41	40	39	38	37	36	35	34	33	32	31	30
Acacia Life	62	60	59	58	57	56	55	54	53	52	51	50	49	48	47	46	45	44	43	42	41	40	39	38	37	36	35	34	33	32	31	30
Acacia Life (HIF)	62	60	59	58	57	56	55	54	53	52	51	50	49	48	47	46	45	44	43	42	41	40	39	38	37	36	35	34	33	32	31	30
AFI Prod & Comm	62	60	59	58	57	56	55	54	53	52	51	50	49	48	47	46	45	44	43	42	41	40	39	38	37	36	35	34	33	32	31	30
Alcoa Aluminum	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18
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## Gloom reigns before the dawn

Just as the voices of doom cry loudest and even the government rediscovers the need for output to grow, a few signs are appearing that suggest economic recovery could be starting. Retail sales figures for September, which City economists gloomily expected to show a further fall, in fact showed a slight increase, confirming the uptrend found by the CBI's survey. More encouragingly, this now appears to have built up over the third quarter. Key areas such as consumer electrical goods and clothing picked up, the latter helped by early wintry weather. This cheerier economic news from the high street tends to be obscured by the continuing gloom of retailers, who are only managing to sell by cutting their margins and offering consumers a bargain.

Sadly, this emerging up-trend came before the series of body-blows starting with the sterling crisis in the middle of last month, the lack of any forward-looking policy thereafter and the flow of heavy new redundancies, culminating in the British Coal fiasco. If a recovery was starting, it may have been nipped in the bud. This will make it harder to restore confidence among consumers. There have been so many false dawns during the long recession that people may need some convincing that times are really improving. In the doom-laden atmosphere of the past few weeks, two worthwhile cuts in interest rates in quick succession may have gone unnoticed by the national psyche. Hence the prime minister's attempt to present policy actions more positively.

The realities of shrinking mortgage costs will, however, eventually appear in the bank accounts of the families whose budgets have been hardest hit. Without any further domestic policy moves, devaluation itself also provides a powerful stimulus for business even in a dull world economy. The housing market remains at rock bottom, keeping many related markets depressed. If the public could be convinced that lower interest rates will stick, however, housing could after all help lead recovery along with exports. Even if signs of an upturn in general consumer spending survive the shock to confidence, the vanguard of recovery is unlikely to march up the high street.

## Watchdog wanted

Turns are never well planned. The government's change of heart over the coal closures was no exception. The idea of a wide-ranging review of the proposals was the classic politicians' way of buying time. But it is embarrassingly clear that there is no body entirely appropriate for such a review. The closest approximation was the energy select committee before its abolition earlier this year. Its last pronouncements on the subject of coal and its future, delivered in February, were prescient.

The Monopolies and Mergers Commission is the proper forum for settling narrow issues of competition and disputes between the privatised energy companies and their regulator. But no more than the late lamented select committee, the MMC is not the body to rule on issues of energy policy. Its job is to examine arrangements within the framework of current fair trading legislation. It has no powers to make fine long-term judgments about the balance of the nation's long-term energy requirements and how they can be met most effectively.

The idea of an energy commission floated yesterday in a study for Scottish Nuclear has some attraction. Apart from the important need for formation of policy, a body which could regulate the regulators is worth considering. Shareholders in British Gas and British Telecom are not alone in feeling that the regulatory regimes governing their companies have become a great deal tougher than any warnings spelled out in a prospectus.

# Latin America emerges from the dark days of the lost decade

The 1980s debt crisis led to falling growth, capital flight and hyperinflation. Martin Barrow charts the region's revival

Whisper it softly, particularly in banking circles, but Latin America is becoming fashionable again. Ten years after Mexico defaulted on debt repayments, precipitating an international financial crisis, Latin American economies are boasting growth rates that are the envy of recession-hit industrialised nations. Stock markets are booming and flight capital is returning, with sovereign states skillfully tapping capital markets to fund development. More than \$40 billion flowed into Latin America last year, with \$18 billion raised on international capital markets. These are not petrodollars looking for a home — any home — as in the uncontrolled lending of the 1970s that prompted the debt crisis. Instead, these are funds raised in competition with other borrowers in a market that has become intensely averse to risk as economic uncertainty in Western Europe and America deepens. Standard & Poor's has given Chile a BBB rating for its securities and there has been a sharp upward movement in secondary market prices for Latin American debt from 27 cents in the dollar at end-1989 to 49 cents.

Privatisation programmes are in full swing in Chile, Mexico, Argentina and Venezuela, and state sell-offs remain the long-term goal in Brazil, despite the political crisis that resulted in the replacement of Fernando Collor de Mello as president by Itamar Franco. Public sector deficits are being attacked with Thatcherite zeal, tax regimes are being reformed to maximise revenue and import tariffs have tumbled as governments attempt to revitalise economies by encouraging genuine competition.

Such progress in a relatively short period should not be underestimated although the task ahead is huge. During the 1980s, when Latin America was starved of capital, an outcast from the international financial community, social deprivation became widespread and in many countries the infrastructure crumbled. Extreme poverty is entrenched, with Peru boasting per capita GNP of only \$1,160 and even Chile, one of the region's success stories, a comparable figure of \$1,940. Across the region per capita income remains below levels attained in 1979 and there are doubts that Latin America can continue to attract enough capital to sustain the momentum required to restore living standards.

But the achievements of the past few years have been remarkable given that Latin America's main export markets and sources of finance have been in recession or experiencing negligible growth. Excluding Brazil, itself in recession, the region's growth in 1991 was about 4.3 per cent. This year Argentina is on target



Dawn to dusk demand: Brazil's fragile rain forest provides timber for South America's growing economies

for GNP growth of between 6 and 7 per cent and Chile 7.5 per cent, according to JP Morgan, the American investment house. Growth in Mexico is expected to slow from 3.6 per cent last year, mainly because of the government's shift to a tighter monetary policy to curtail inflation.

A tough line on inflation adopted by Mexico's president, Carlos Salinas de Gortari, is typical of the realism behind the region's economic revival. Inflation remains high by OECD standards but is being contained. The average rate of increase in consumer prices in 1991 was about 75 per cent. It has fallen this year and single-digit inflation is in sight in the leading economies. JP Morgan forecasts inflation of 12.5 per cent in Mexico this year and 9 per cent next. Chile expects inflation of 13 per cent this year and 10 per cent in 1993. The turnaround in Argentina has been dramatic. Last year, inflation was 139 per cent, against 1,900 per cent in 1990 and 3,000 per cent the two previous years. JP Morgan expects 20 per cent inflation this year and 12 per cent next.

A significant factor behind Latin America's revival has been the declining interest burden, which, measured as a ratio of scheduled interest payments to export earnings, has fallen

to its lowest in 14 years, reflecting lower interest rates and a reduced debt stock. In the late 1970s rising interest rates and heavy external borrowing led to a crippling increase in the interest burden that eventually triggered the debt crisis. The interest-to-export ratio rose from 19 per cent in 1978 to peak at 45 per cent in 1982 when Mexico defaulted on interest payments. Today the ratio is back at 19 per cent.

Debt reduction agreements, debt forgiveness and the reluctance of creditors to extend new loans reduced the rate of growth in the debt stock to an annual average of less than 2 per cent in 1989-92. Exports, meanwhile, grew 7 per cent over the same period, despite subdued demand from industrial nations. Exports continue to grow and would help offset the negative impact of a subsequent rise in interest rates.

The private sector is clearly responding to greater economic stability and is benefiting from the return of domestic investment, up 4 per cent last year, as well as foreign capital. Tax reforms and changes in trade regimes are also having a positive impact. Across the region, import taxes and export duties are being re-

duced or phased out. Brazil has implemented tariff cuts that will reduce the average import tariff from 32.2 per cent in 1990 to 14.3 per cent by July 1993. Colombia's average tariffs have fallen from 44 to 15 per cent three years ahead of schedule.

As tariffs are lowered and quantitative restrictions are lifted as part of structural adjustment programmes, the potential grows for lasting agreement on free trade accords. The low progress and uncertain outcome of negotiations to update the General Agreement on Tariffs and Trade (GATT) has also raised interest in organising regional pacts.

Mexico is negotiating the North American Free Trade Agreement with the United States and Canada, the first of what could be a series of free trade agreements. The governments of Argentina, Brazil, Paraguay and Uruguay have ratified the Treaty of Asunción, establishing the Mercosur common market, eliminating customs duties and non-tariff barriers by the end of 1994 and providing for the free movement of goods, services, capital and labour.

Bilateral and trilateral discussions are also taking place. Mexico is negotiating trade liberalisation arrangements with Venezuela and Colombia; Chile and Mexico have signed a free-

trade agreement, and Chile is negotiating similar arrangements with Venezuela and Colombia. Talks do not always culminate in accords and such agreements as do exist are not always implemented to everyone's satisfaction. But the fact that Chile is now the largest foreign investor in Argentina, with whom past relations have been far from cordial, says much about the new trading environment.

Trade liberalisation in Latin America should begin to address a serious obstacle to continued growth — a growing current account deficit. The trade surplus fell from \$30 billion in 1990 to \$13.5 billion in 1991 and a projected \$4 billion this year. As a result, the aggregate current account deficit of the six largest economies is expected to rise to \$23 billion this year, against \$14 billion in 1991.

Mexico's economic adjustment programme has attracted large capital inflows, an increase in domestic and foreign investment and a corresponding rise in imports. The result has been a widening trade deficit, from \$4 billion in 1990 to about \$15 billion this year. Argentina, whose adjustment programme is based largely on the Mexican model, is expected to see its trade surplus decline from \$8 billion in 1990 to \$700 million this year. Venezuela's trade balance has also been hit by import growth and the decline in international oil prices. By contrast, Brazil has enjoyed a sharp rise in its trade surplus through a combination of domestic recession, which has curbed imports, and growing demand for its products such as timber from its prospering neighbours.

Brazil, the largest economy in Latin America, is unlikely to emerge from recession until the new government of President Franco confronts the need to contain government spending given the fragility of public finances. Nervousness over the outcome is reflected in the Bovespa stock market index. After rising threefold since early 1991, it fell 18 per cent on news of a new cabinet, reminding international investors that Latin America has not entirely overcome its turbulent nature. Political problems are not confined to Brazil.

In Venezuela, the government survived a military coup this year but more social spending has become necessary, calling into question the country's will to abide by the austerity measures intended to curb the fiscal deficit. In Argentina, there has been an increase in public protests, with strikes by well organized unions, vociferous complaints by high profile entrepreneurs in sectors that face stiff competition from imports and noisy protests by pensioners.

The political dimension remains a powerful influence in Latin America and the risks are still considered high, even though democratic rule is now the norm rather than the exception. The military may be confined to barracks but they are never far from the decision making. It was surely no coincidence that juntas stepped aside as public coffers ran dry. The question is whether the generals can resist storming government palaces when it becomes apparent there is money to be made again.

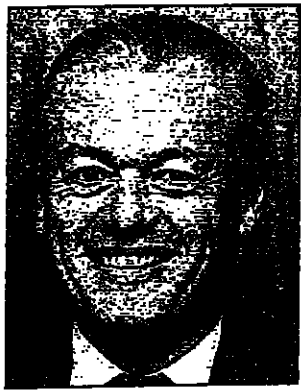
## THE TIMES CITY DIARY

### Fixed-income's dynamic duo

THERE is, it seems, bad feeling at James Capel Asset Management where fund manager Suzie Proctor, 31, is being held to six-month's notice after resigning with her four-strong fixed-income team on Monday. Proctor, at her desk yesterday and under instructions not to speak to the press — the other four have already left — joined Capel from Midland Montagu after Midland's merger with Hongkong & Shanghai Bank. The integration is being masterminded by Tim Ferguson, ex-County NatWest, and now chief executive of HSBC Asset Management. Ferguson put his red pen through 30 fund management jobs, leaving seven people on the fixed-income desk. The choice for top job was between Proctor and Capel's Jim Dunsford. Now, after a two-month power struggle and "major philosophical differences", Dunsford seems to have won. His team will comprise himself and fellow Capel's man James Dowling. Meanwhile, Proctor, when finally released, is understood to have a job lined up at Picot, a Swiss fund manager where she will create a fixed-income desk of her own.

### Plenty o' nuttin

THE Royal Opera's smash hit *Porgy and Bess* — ticket prices from £4 to £124 — is proving a great success with City and political figures. At Tuesday's performance social security secretary Peter Lilley slipped wine in the foyer with friends



Chien: time for opera

as did Lord Parkinson, also with wife and friends. Sandwiched between them was stockbroker John Chien, one-time senior partner of Wood Mackenzie, better known these days — though not necessarily for too much longer — as a simple carrier of golf clubs. The popularity of the opera has come as no surprise to regular Glyndebourne fans who saw the same production there last year but wags think the titles of some of Gershwin's songs may have particular appeal for stricken politicians and City folk. They include *It Ain't Necessarily So* and *There's a Boat Dat's Leavin' Soon for New York*.

### Calling PC Plod

HOT on the heels of Terry Smith's controversial book, *Accounting for Growth*, comes a steamy offering from Philip Middleton, investment trust analyst at Smith New Court. In a bold attempt to make zero coupon preference shares interesting, Middleton, formerly of Kitcat & Aitken, has called

on the services of those well-known City personalities, Noddy and Big Ears — and fallen foul of the BBC. His latest circular, *Noddy Buys a Zero*, has the little nodding man putting his life savings into a stock called Bouncing Ball on the advice of a stockbroker called Mr Oily, who insists his £1,000 will be worth £2,500 after just five years. "We always knew Philip was well-read," says a SNC colleague, but the BBC, which owns the rights to the Noddy name, was unimpressed and has complained to SNC that it considers the theme "not at all suitable" for a piece of financial research.

### Brassed off

THE sale of surplus contents at Barton Abbey, Oxfordshire, the 16th century family home of Robin Fleming, chairman of Robert Fleming, the bank, raised £236,516, double the sum estimated by Phillips, the auction house. But most of those in attendance were amazed not by the total realised but by the price of a small gilt-brass figure. Valued at £150 — £200 by Phillips, it went for £28,050 after fierce bidding from two anonymous trade buyers. Their battle prompted speculation that the object might be worth far more. Fleming says he is no wiser than anyone else about its origins. "It was just a little Greek God sitting on a pedestal." And if it does turn out to be worth millions? "I'll feel like anybody else would, I suppose," he says philosophically.

CAROL LEONARD

## Absurd EC rules will push struggling firms into failure

From Mr John Brace

Sir, There seems to have been little, if any, comment on the implications of the new Health and Safety Regulations to be imposed on UK companies at the end of this year as a result of EC industrial legislation.

Apparently, as a small business employing some seven people, I am required to carry out a written assessment of the health and safety risks faced by my employees, put in writing my plans for organising, controlling and reviewing safety measures, appoint a "competent person", either in-house or an external consultant, lay down emergency action procedures, give my staff appropriate information and training, with induction training for new staff and regular refresher courses, and

call in consultants to undertake a full health and safety audit. If I fail to comply, I risk imprisonment.

On top of this, there is a whole new set of regulations concerning the care and maintenance of electrical equipment (our electric kettle must be inspected by a qualified engineer annually and I am no longer allowed to change the plug) and most of our furniture must be scrapped as not complying with EC ergonomic specifications.

No doubt thousands of small businesses faced with these draconian regulations will either ignore them, hoping that no-one will take any action, or close down. In some 20 years of trading, none of the hazards implied by these regulations has been evident in my business. Here is yet

another example of the obsessive bureaucracy into which the EC has degenerated, defining absurd solutions to non-existent problems and imposing substantial additional overheads on businesses which are already well run and currently struggling. I have seen it estimated that the total cost to UK industry of implementing these regulations is some £1.7 billion. The net result will be further unemployment, partly offset, presumably, by the new army of enforcement snooters employed at the taxpayer's expense.

Yours sincerely,  
JOHN BRACE,  
Managing Director,  
John Brace & Associates Ltd,  
Marketing Communications,  
Format House,  
11 Imperial Road, SW6.

## Bootstrap approach to business wearing thin

From Mr Neil A. Johnson

Sir, Your Comment (October 13) focuses much needed attention on engineering and rightly points out the opportunities generated by devaluation. Engineering exporters are well aware of these, and have been quick to take advantage of them. However, we live in a very real world, and in our world we cannot overlook the fact that engineering imports are expected to rise faster than exports during 1993. And surely you did not really expect us to show "signs of glee" when the key element in our government's economic policy collapsed?

You say that our members have run out of patience, and that is true. Had you enquired, you would have learned that one reason for this is that they have been applying your suggested bootstrap approach vigorously and painfully for the

past three years. But businesses cannot survive on bootstraps alone, and this route is almost exhausted.

We are committed to producing a practical strategy that will lead to the regeneration of the UK manufacturing base and to lasting prosperity for UK plc. It will be driven by industrial rather than by political imperatives, though we fervently hope, because manufacturing is so important to our nation, that politicians of all parties will support us — and we hope you will too. But it does seem a little less than fair to judge our proposals before you, and even before we know exactly what they will be.

Yours faithfully,  
NEIL A. JOHNSON,  
(Director-General),  
Engineering Employers' Federation,  
Broadway House,  
Tottenham Street, SW1.

## Revenue returns

From Mr Peter Williams

Sir, Mr Batchelor (October 19) is satisfied with the efficiency of the Inland Revenue because he received his tax refund (with interest) speedily after seven years of returns were submitted.

He might feel differently if he owed tax. I was horrified to find, after posting my tax return for the last tax year on October 8, that an assessment in the correct amount reached me on October 15.

Fortunately all is not doom and gloom. My wife's tax inspector has still not sorted out her tax from the year before last, and she has not even received her tax return for last year, let alone returned it.

Yours faithfully,  
PETER WILLIAMS,  
Bournebrook House,  
Sandpitt Hall Road,  
Chobham, Surrey.

# Where to invest during deep recession.

The Quarterly Review of Personal Finance in the FT this Friday and again on Saturday.

After the dramatic events of the last quarter, what are the implications for the private investor?

Our specialist writers make sense of the developments and point out both the issues and the opportunities facing you.

For objective FT comment, on the questions you need to consider, make sure of your copy of the Quarterly Review of Personal Finance.

No FT...no comment.



## ICI chairman urges 'kiss of life' for economy

**Sir Denys Henderson, chairman of ICI, says the government has not listened to the pleas of British industry to give a modest kick-start to the economy, with a low and stable interest rate regime**

By Patricia Tehan

SIR DENYS Henderson, chairman of ICI, launched a scathing attack on the government's economic record yesterday, urging ministers to give "the kiss of life to a British economy which has been wallowing in recession for some two years".

He criticised the government for turning a deaf ear to the calls of British manufacturers for measures to stimulate the economy and said: "We need to have a better, continuing dialogue with government than has been the case for some years now."

He added that the UK must begin playing a role in European Community decision-making or risk being marginalised.

Sir Denys has been high-profile among industrialists for his continued pressure on the government to do more for manufacturers. Last Friday, he welcomed the 1 per cent cut in base rates, but said bolder measures were needed and industry must be given the confidence to believe that there is a reasonable degree of permanence in the government's economic policy.

Speaking yesterday at a lunch in London, he asked why the government objects to giving the economy a modest kick start. He said: "That process of revival needs to be begun by the bold stimulation of British business, by amongst other things, a low and stable interest rate regime to encourage investment, by a consistently competitive pound to boost exports and by a substantial public sector capital investment programme to improve our infrastructure."

Such views had been expressed "very clearly" to the government over many months now, he said, "but no one has been listening, so far as I can judge". He said industry must, nevertheless, be ready for any upturn in demand with high-quality, competitively-priced products.

He said: "Manufacturing industry remains the foundation of British exports, and although the service industries and the invisibles are also important to our overall economic performance, I do not believe that the endemic balance of trade problem in this country can be solved other than by a dramatic improvement in our overall manufacturing performance."

The UK economy has lagged, he said, behind America, Germany and Japan, which have placed far more emphasis on the importance of manufacturing. Sir Denys said: "The fact is that we need continuous improvement in the performance of both the services sector and manufacturing industry." Industry was not calling for "vast hand-outs or unreasonable subvention".

"However, despite the current furore over Europe, I remain a convinced and committed supporter of the single European market. In a world which is moving towards ever larger trading blocs, the UK economy is simply too small a base from which to compete internationally."

Europe had to be the home base for UK firms that wanted to compete for customers from other continents. He added: "We have to be fully involved in the EC decision-making process and we run the risk of being marginalised if we are not part of it."

## Taurus strengthens shareholder safeguards

**Sir Andrew Hugh Smith, chairman of the London Stock Exchange, responds to readers' questions on Taurus**

**M**y recent article in the London Stock Exchange's new Taurus system provoked a healthy interest. The authors of all published letters have now received personal replies, but I felt that it was also appropriate to respond publicly to their questions.

Most questions on Taurus ultimately stem from the issue of ownership. Who will be the legal owner of shares? Where does the company register fit in? The answer under the Taurus regime will be the same as it is today: the legal owner is the person entitled to be recorded in the company's "register of members". If that person is a nominee, he is nevertheless legally recognised by the company as its shareholder. The beneficial owner behind the nominee has no rights in the eyes of the company (at least in England and Wales — Scottish companies may recognise beneficial interests).

So people become shareholders when companies' registrars make entries on their registers, not when transactions take place on the stock market. Virtually all companies' registers — 90 per cent of which are kept by the high street banks — are already computerised, so the notion that Taurus introduces computers and centralised records is wrong.

The loss of share certificates is the main source of concern for many investors. Let's be clear. Share certificates do not confer legal ownership now in the way that bank notes do; they are simply evidence of ownership, rather like an IOU. This evidence is important today, because registrars have to receive back and cancel certificates when shares are sold. But sometimes the certificate is worthless, for example after a takeover or if a duplicate certificate has been issued and used to sell the relevant shares.

Under Taurus, the shareholders' legal position will be strengthened. Brokers and banks who offer services to

investors will have a legal duty to act properly and maintain effective records. If they give instructions to move shares, they will be legally responsible for reinstating the holding if they are subsequently found to have done so without authority.

The general public do not have access to the Taurus system. It can be entered only by organisations that have been tested for high standards of computer operation and security. Remember that computer systems are already used extensively to record and transfer shareholdings and the organisations involved already guard against computer hackers and viruses. Taurus will enhance that security. Problems arise from backlogs in paper processing, when the volume of share transactions surges. These delays create opportunities for error and fraud, so quicker processing times will minimise risk.

But what if something does go wrong?

The organisation at fault will have to reinstate the investor's holding, together with any financial benefits, such as dividends, which are lost as a result. Companies will be fully responsible for their own controllers and registrars. All other participating organisations will be insured, but as a last resort there will be a compensation scheme to reimburse private investors up to a maximum of £250,000.

Brokers and banks are recommending investors to move shareholdings into nominees. Must I do this? Brokers and banks are recommending the use of nominees because they believe this will best help investors with the transition to Taurus. It will, however, be quite feasible for investors to manage this themselves if they choose. Shareholders should make sure they get all the information they need from their advisors to enable them to choose.

Won't annual statements mean there will be more rather than less paper?



Keeping London on high: Sir Andrew says Taurus will justify its development costs

If you are an investor who trades shares infrequently, and the record of your holdings is kept with companies, you will receive a statement when your holding is acquired or changes, and thereafter, an annual statement from each company.

**T**his will enable you to confirm that the company record is as you expected. The statements will also make the executors' job easier. Today, it is often difficult to determine the holdings of a deceased person's estate if

certificates are missing and a company is not paying regular dividends. If you manage your share portfolio and trade relatively frequently, you may ask your broker to hold the shareholding records and make whatever arrangements are convenient — for example, for the broker to send you consolidated statements periodically, or to receive statements at least annually from each company.

In Taurus, you will be able to choose to have your portfolio held by a broker or a bank and still have your name entered on company registers,

so that you can receive company information directly. With nominees, you will have to arrange for the nominee company to send you the information.

Under Taurus, can shares be used for collateral for a loan to family or friends? Yes. If the shareholding record is held with the company, it will simply be a matter of notifying the company, which in turn will record a change. Where the record is held by a bank or broker, similar arrangements may be agreed with them. Taurus has been expensive to

develop. Won't this mean investors will pay more? Everyone wants to know whether an improved service means increased costs. Taurus has been expensive to develop but the securities industry believes it is vital if London is to retain its lead as a financial centre. The Exchange has already written off most of the costs of developing Taurus, so there is no debt to be paid off. Firms participating in Taurus have developed their own new systems and will naturally expect to recoup the costs over time. Operational savings will increasingly offset their costs as the shares of more companies are included in the system. This will be helped by a reduction in the charge the Exchange currently makes to brokers and banks for settlement services.

The result will be greater simplicity, together with improved reliability and accuracy even when trading volumes are high. Such a streamlined service should reduce long term costs.

In summary, Taurus will change life very little for private investors: it offers all of today's facilities and some new ones. It will also bring better legal protection, enhanced security and higher standards of computer management and operation. The speed, accuracy and capability of computers, and the accessibility of information which Taurus communications will bring, will make possible improved services for investors.

Extensive research was undertaken with private investors when Taurus was designed and although it was obviously not possible to consult 11 million people directly, anxieties were identified early and have been given careful attention.

Tallman, the present system, was subject to just as much concern when it was introduced in 1979. Within a year, its users wondered how they had managed without it. When Taurus comes in, I have no doubt it will also rapidly become the accepted way of doing things. During the transition, investors will be receiving all the information they need directly from companies, brokers and banks. This is supported by the Stock Exchange Taurus Helpline for private investors. For further information, please call: 071-797 3333.

## Clarks struggles to step out of trouble

By Jon Aseworthy

**I**N YEARS to come, the Clark shoe family will look back on the autumn of 1992 with a sense of horror and disbelief. This intensely private family with strong Quaker origins has been caught in the full glare of public scrutiny, and nobody has emerged the winner.

The problem facing Clarks is where to go from here. Profits have fallen steadily for the past six years. Redundancy and reorganisation costs fuelled a pre-tax loss of £3.5 million (compared with a profit of £2.5 million) in the first half of 1992, and directors have said that matters will not improve.

Clarks is desperate to compete internationally but cannot seem to agree on a strategy. Rival factions on the board have spent the past three months arguing about whether to remove Walter Dickson, the non-family man who became chairman 15 months ago, and appoint Lance Clark in his place.

Unable to agree, the rebel faction requisitioned the extraordinary meeting that took place in Glastonbury, Somerset, on Friday. Circulars were issued to 4,100 shareholders, advisers were consulted and the costs mounted. Clarks' expenses are thought to have topped £1 million.

All the meeting did was serve to demonstrate how deep the divisions in the Clarks board are. Battered shareholders were treated to the spectacle of their chairman,



Firm pledge: Walter Dickson leaves the Glastonbury meeting

their former chairman, a rebel director and two non-executive directors in turn, standing up at the front of the Glastonbury town hall and trying to justify their arguments.

It would have been farcical had real issues not been at stake. Clarks is one of the biggest private companies in Britain after Littlewoods, with sales of close to £600 million a year and a brand name that is famous around the world. The company is losing money, competitors are chipping away at its market share, and directors will have to get their act together fast to repair the damage before it is too late.

In a sense, it already is too late. So serious are the divisions in the family that the board has decided the only thing to do is self control to an outsider. The original plan was to have Electra Investment Trust take a 51 per cent stake as a "friendly" parent. No sooner had word of that leaked out than three further suitors, one American, came forward and asked to join the bidding. Others may follow.

Clarks has accepted that it must give up family control after 167 years, said as it is for the 1,000 or so descendants of James Clark who started making sheepskin rugs and slippers in Street with his brother, Cyrus, in 1825. Directors will now have to haggle over a price and work out a scheme that will give those shareholders who want to sell a chance to do so. The poor marketability of the shares, which have dropped in value from more than £4 to about 90p, has been at the heart of much of the infighting in the family ranks. Dividend cuts have not helped.

The company's strength lies in its brands. Clarks Shoes, Ravel and K Shoes in the UK, and Bostonian in America. Deciding what they are worth will dominate the months leading up to the annual meeting in April, when the issue of whether to remove Mr Dickson may crop up again.

Research by Clarks in the summer produced encouraging results. Asked which brand of shoe instantly sprang to mind, 44 per cent of women and 32 per cent of men out of 1,500 surveyed said Clarks. By contrast, 7 per cent of men put Adidas and Reebok in top place, and 4 per cent mentioned Nike and K Shoes.

Now, it will come down to convincing the eventual buyer that the brand name is worth more in the long term than the impact of a short-term fall in profits. Clarks needs money to develop its brands and promote itself overseas, so is not really in a position to set the terms.

Mr Dickson has promised shareholders the chance to vote on proposals before a deal is signed, so a repeat of the Glastonbury debacle is far from out of the question.

## Detergent giants avoid MMC enquiry

By Our City Staff

**T**HE Office of Fair Trading said it would not start monopoly proceedings against Procter & Gamble and Lever Brothers, which dominate the British household detergents market.

However, Sir Bryan Carsberg, director-general of fair trading, said that he was conscious of the scope for exploitation of market power by the two companies, and would remain on the lookout for evidence of abuse.

"The fact that my office has been reviewing the detergents market, which continues to be dominated by Procter & Gamble and Lever Brothers, has led to speculation in the press that I might make a reference to the Monopolies and Mergers Commission," he said. "I have

indeed given serious consideration to the case for a monopoly reference but have concluded, on the evidence before me, that a reference would not be justified."

The OFT study showed that competition between the two companies appeared to be active and there was also competition from non-label brands. A high rate of product innovation was also seen by the OFT as a favourable indication of competition.

Lever Brothers is owned by Unilever and makes products such as Persil, Radiant and Surf. Procter & Gamble, which has its UK headquarters in Newcastle, makes brands such as Daz, Fairy Snow, Ariel and Bold.

Sir Bryan said major shopping groups had their own brands, which competed with the dominant brands from the two

main companies, while new products were launched regularly providing more competition. The OFT had doubts that high advertisement spending would create a barrier to entry for new competitors but Sir Bryan said he had noted the argument that high spending is needed to launch products.

He said the review had uncovered no evidence of anti-competitive conduct by Procter & Gamble or Lever Brothers that could more directly inhibit entry.

The detailed material provided by the companies on their prices and pricing policies did not demonstrate that price competition in this market was ineffective, he added.

The review was a follow-up exercise on a 1986 MMC report that led to various undertakings by the two companies.



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# At last, a real breakthrough in the way we work

**A British company  
suggests  
that supportive  
working  
environments are  
the key to a  
competitive edge**

AT ONE TIME it was advertising agents who remarked that their assets went up and down in the lift. Increasingly, British business generally is considering the merit of that statement.

After capitalising on intellectual properties and brand names, many companies now believe that the real assets of its business are its people.

Coupled with this is the knowledge that as the economy improves, employee mobility will increase. Those companies with the appropriate combination of terms and conditions tending to achieve greater continuity of its workforce.

## THE BEST PERFORMANCE

Now there is growing belief that in order for a company to perform at its best, and to retain its staff, its working environment needs to encourage a feeling of well-being amongst its people. Senior management recognising this are now taking greater interest in the ways and means of creating more supportive conditions.

The major element of most office environments is their furniture. While legislation takes on board those requirements of health and safety necessary for the preservation of life and limb, it seems that other things can affect people's work performance. Not least, being their instinctive reaction to the work station presented to them. The need for management to consider an environment that is human and friendly, perhaps being a decidedly good decision.

## A BRITISH COMPANY

One distinctive British company which has taken this philosophy to heart is Gordon Russell Limited. Rejuvenated after its purchase by Steelcase Strafor plc, the European leader in office furniture, this quintessential British firm is again restating its credentials.

Continuing the tradition pioneered by its founder, the late Sir Gordon Russell, one of the most influential furniture designers of his time, the legacy of imagination and fine craftsmanship is being maintained.

As Edward Cory, Chief Executive of Steelcase Strafor plc, points out, "If you look at Gordon Russell's heritage, it is one of entrepreneurship, international vision and innovation. The company is more than just a proud history. The heritage can be made accessible and relevant to contemporary markets without the company losing that special quality, style and mystique. It is a design leader, an innovator in terms of materials and it has strong British roots which have wide appeal."

Throughout his life, until his death in 1980, Sir Gordon Russell's career showed a remarkable dedication to design and quality. In 1940 he was elected Royal Designer for Industry, becoming Chairman of the Utility Furniture Design Panel in 1943 and founder member of the newly formed Council of Industrial Design a year later. He played a leading role in the 'Britain Can Make It' exhibition and the Festival of Britain in 1951, and in 1959 he was appointed Senior Fellow of the Royal College of Art which presented him with an Honorary Doctorate in 1980.

## OLD VALUES, NEW APPROACH

As the company this year celebrates the centenary of Sir Gordon Russell, it seemed that there could be no better time to launch a major new, wood system range to the market.

The new Gordon Russell office system sets out to create an optimum environment for effective working. Readily adaptable, without tools, and permitting a high degree of personalisation to take place. Practical and innovative solutions are blended with some distinctive features to create a product range which is responsive to user requirements and which also acknowledges the tradition of Gordon Russell, for simple style and quality good looks. Adding value where it can be appreciated, and deploying traditional skills to satisfy the needs of a changing, more demanding office environment.

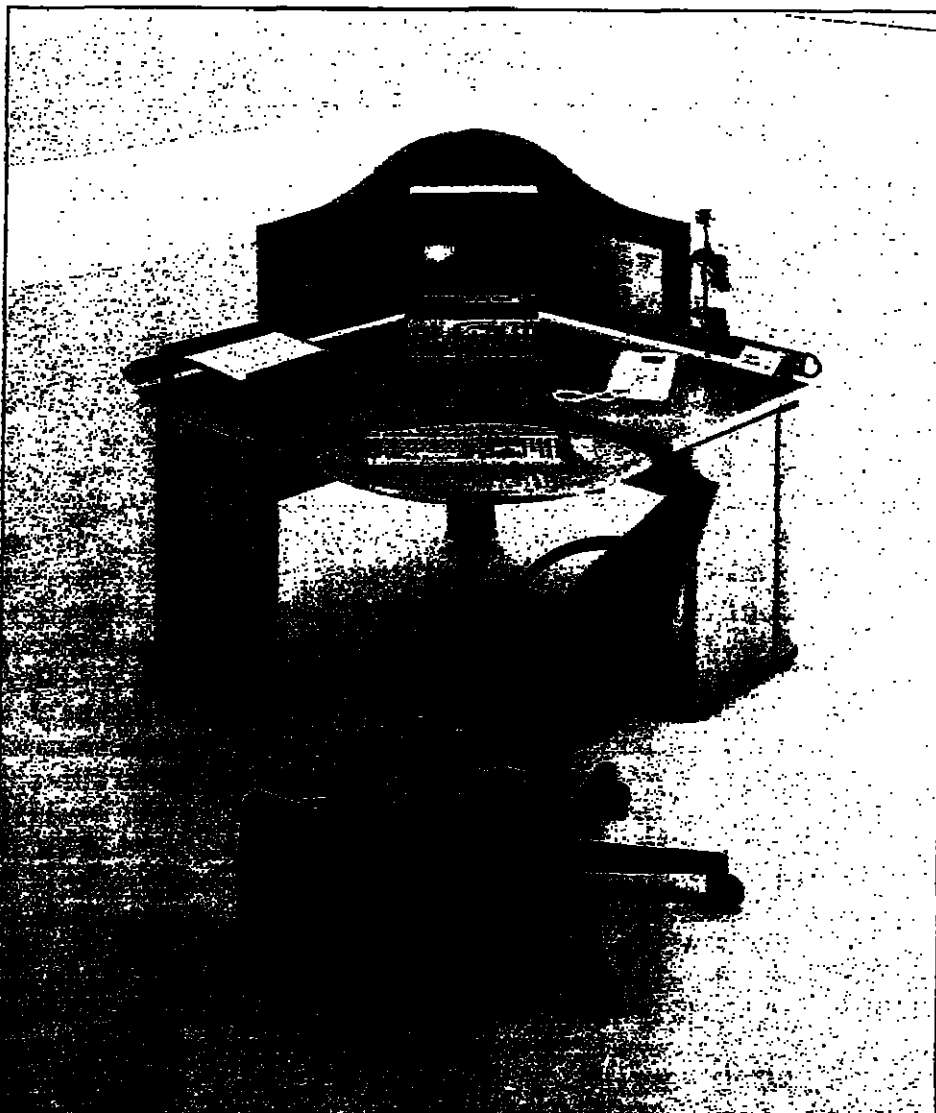
## TWO CENTRES OF EXCELLENCE

Broadway, in Worcestershire, has been the headquarters of Gordon Russell Limited since the company was formed in 1927. Located close to the famous Lygon Arms and having historical family links with it, until it was acquired by The Savoy Group in 1986.

Excellent cabinet making has always been practised in the manufacturing workshops at Broadway. Being regularly applied to a superior range of executive and managerial desks and storage. Along with a collection of boardroom furniture. In addition, the skill for which it continues to be recognised, is the ability to customise standard lines to customer requirements. While those specialists responsible for producing custom made items have now also introduced a new range of high quality executive furniture.

No less quality minded is the Gordon Russell factory at Swindon. With a new management team, and a major investment in machinery, a breath of fresh air is flowing through this part of the business.

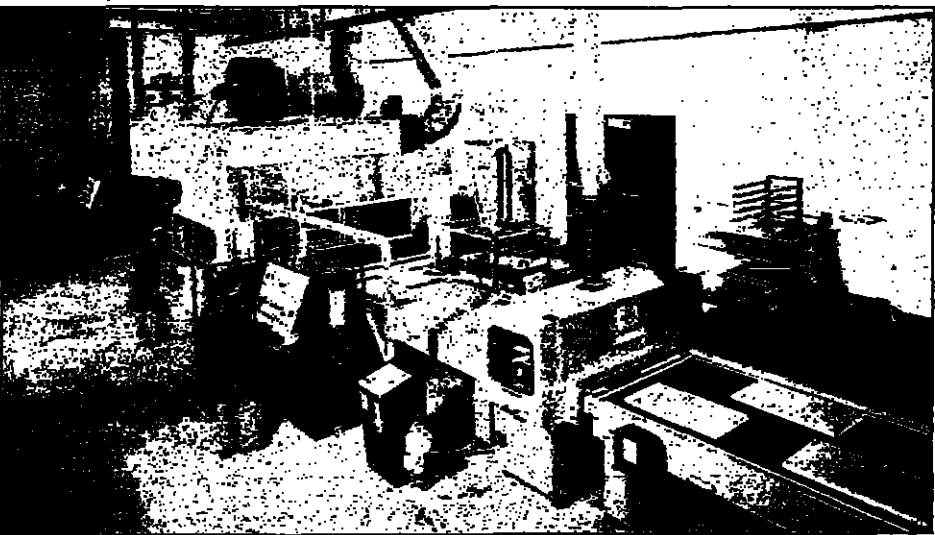
The Swindon site is now a highly sophisticated, modern wood engineering plant, having recently been upgraded to cope with the demands of high volume quality furniture manufacture. Most of the equipment is based on numeric control systems which give the highest degree of accuracy and final quality. Robotic spraying of all panel work is one example of the Swindon manufacturing process resulting in a consistently high quality of finish and durability in use.



An individual computer work station incorporating adjustable keyboard shelf, VDU protection screens and facilities for personal items. Can be used by itself or in space saving grouped configurations.



The headquarters of Gordon Russell Limited in the picturesque village of Broadway, Worcestershire.



The latest in wood engineering at the Gordon Russell Systems Plant, at Swindon, includes a robotic sprayline.

## THE SYSTEM

The new system range from Gordon Russell continues the company's tradition of producing simple and well designed high quality wood furniture.

The current project commenced in November 1991, when Barry Wilson joined Gordon Russell as Sales and Marketing Director (Systems). Using the quality background of Gordon Russell, Barry's brief was to create a competitive range of wood, system furniture. This he was eminently capable of doing, having initially been a furniture designer and later moving into sales and marketing. Coupled with this was his experience of providing products to British institutions, who care about the quality of their working environments, enabling him to bring an unusual breadth of understanding and experience to the undertaking.

The new system range, by Gordon Russell, is the result of talking to people. People such as executives and keyboard operators, who most obviously influence the ergonomics of the design. But also those people who are responsible for, and frequently encounter, difficulties with wire management, servicing or rearrangement. Again, the designers listened to people who seek

distinctive style. And those looking for quality products, but have budget restraints.

Throughout the design development they regularly revisited the market to test their ideas. Continually listening to the user and adjusting the design. Until now, Gordon Russell Limited have, what they believe to be, an optimum result. Offering the market, what they consider to be, a very distinctive and competitive product.



The unique accessory rail and high quality wood items provide a place for everything and everything in its place.



Retractable tops reveal adaptable wire management services, power, data, telephone. Together with plug-in facilities for desk accessories, VDU arm, lamp and copy holder.

## CREATING IMAGINATIVE PRODUCT FEATURES

Many things need to be considered when embarking on a project of this nature. Not least being the need to be ever mindful of the requirements of British Standards, EC Directives and Health & Safety. While, as previously mentioned, customer research frequently produces invaluable information. However a self-imposed requirement was to create a product which would be more agreeable to work with. Hopefully encouraging more effective work patterns through enhanced well-being.

By collating a bank of appropriate knowledge and discussing it with ergonomists, Gordon Russell were able to successfully apply it to product interpretation.

The product itself, while simple in concept, encompasses the best that current technology has to offer. With neat cassette wire management, easy service accessing and simple, plug-in adaptability.

Work surfaces are smooth and rounded and are a delight

to the touch. While light oak has been chosen as the primary finish, others are envisaged but seen as 'available to order' rather than stock items.

The range has a number of innovative features built into a comprehensive choice of shaped work surfaces, flexible storage and imaginative screening. The entire product range offering 'total office' furnishing with immediate opportunity for reconfiguration.

Completing this offer is a range of original and distinctive accessories. These affording the user, the opportunity for personalisation and enhancement of their work station.

## SERVING CUSTOMERS

Gordon Russell, one of the finest of craft companies, has been privileged to make furniture for the British Royal Family, Foreign Embassies, the British Pavilion at Expo in Seville and countless blue chip companies of diverse size and background. It is also used by major design companies as a factory for the manufacturer of many of their bespoke

pieces of furniture. These being specially created for 'sophisticated' environments.

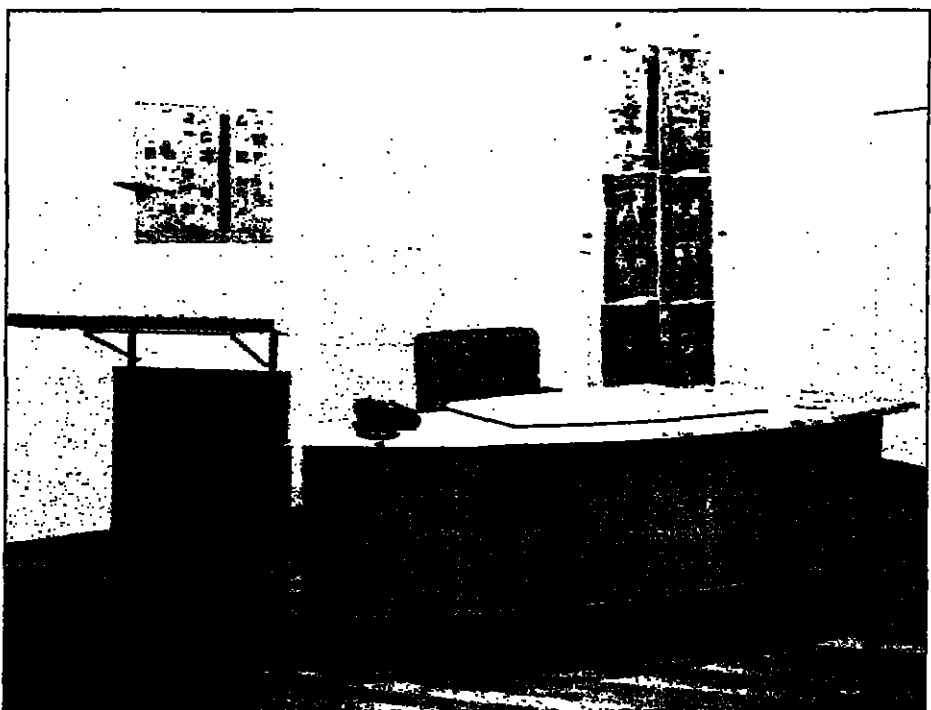
## SERVICE, SECOND TO NONE

With Gordon Russell Limited being part of such a strong group, it is able to confidently approach its markets. Knowing that all its values and commitment will be fully endorsed. Taking a lead in the creation of a new approach to working environments. Offering supportive working conditions and a competitive edge for business.

Gordon Russell Limited operate through a dealer network of very experienced Systems Furniture Specialists. In keeping with the Gordon Russell tradition, they have been chosen to provide the very best in planning, installation and after sales support.

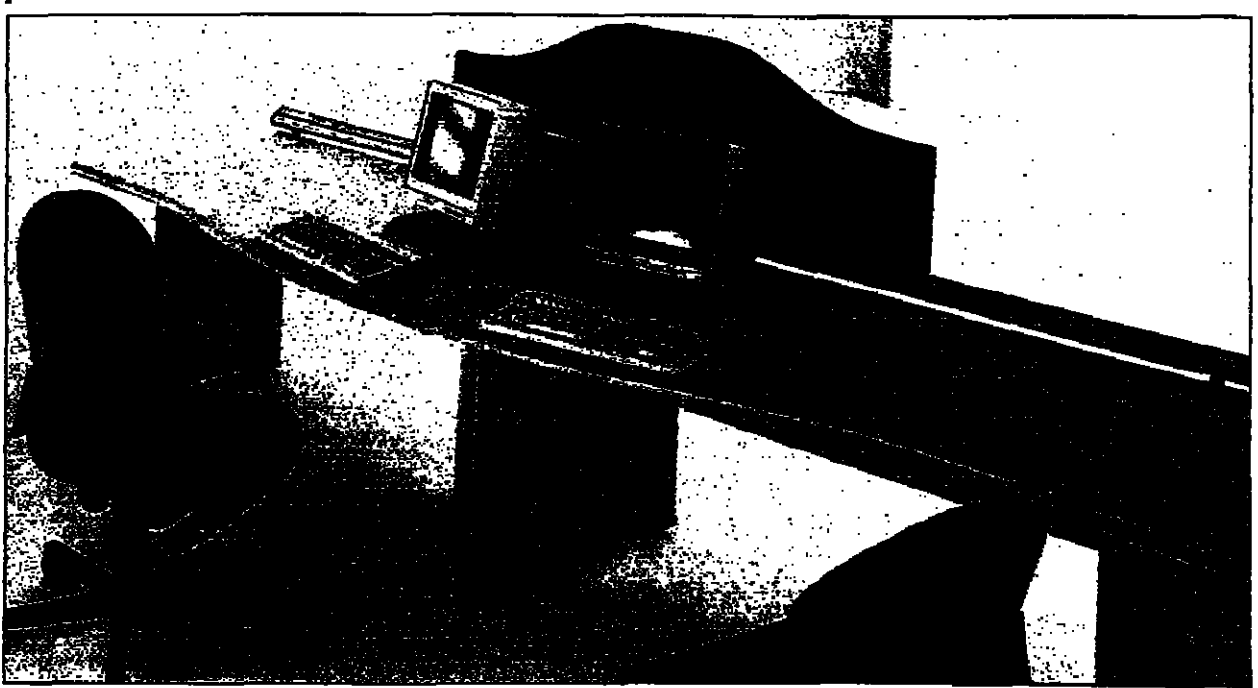
PHILIP JAY

For further information contact Barry Wilson at Gordon Russell Systems, Broadway, Worcestershire WR12 7AD. Telephone (0386) 852013.



Bespoke office furniture manufactured to client specifications can be produced at the Broadway workshops.

The Cyma desk offers the user increased work surface for a VDU and keyboard, and the interior designer interesting layout opportunities.



Sir Gordon Russell





**THE TIMES UNIT TRUST INFORMATION SERVICE**

Dollars		Cents	Per	Share	YTD	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593	592	591	590	589	588	587	586	585	584	583	582	581	580	579	578	577	576	575	574	573	572	571	570	569	56
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MONEY MARKETS				
<p>Exchange index compared with 1985 was down at 79.7 (day's range 79.7-80.2).</p>				
TREASURY AND FORWARD RATES				
Mkt Rates for Oct 21	Range	Close	1 month	3 month
Amsterdam	2,735.0-2,760.3	2,739.0-2,742.4	par+4cts	3-10
Berlin	49.00-49.02	49.93-49.95	par+4cts	3-10
Copenhagen	3,267.0-4,160.0	3,267.0-3,322.0	27+1/2	10%+12 1/2
Dublin	2,421.0-3,410.0	2,421.0-3,410.0	41+5/8	10%+12 1/2
Frankfurt	2,421.0-3,410.0	2,421.0-3,410.0	41+5/8	10%+12 1/2
London	215.60-216.20	215.60-216.00	180-31/4	400-705 1/4
Madrid	215.60-216.20	215.60-216.00	70+04	260-310 1/4
Milan	213.00-216.00	213.00-216.00	11+1/4	16+1/4
Osaka	1,997.0-2,910.0	1,999.0-2,910.0	0.15-0.20	2-2 1/2
Paris	6.12-6.13	6.08-6.09	0.68-0.69	2-2 1/2
Stockholm	9.91-9.97	9.91-9.97	0.12-0.13	2-2 1/2
Switzerland	9.91-9.97	9.91-9.97	0.12-0.13	2-2 1/2
Yokohama	1,997.0-2,910.0	1,999.0-2,910.0	0.15-0.20	2-2 1/2

Paris	2,259.8-3,170	2,259.8-3,170	1 1/2	5 1/2	pr
London	2,229.1-2,281	2,229.1-2,281	1 1/2	12 1/2	pr
Tokyo	196.50-197.88	196.50-196.89	1 1/2	1 1/2	pr
Vienna	17.07-17.52	17.07-17.52	1 1/2	4 1/2	pr
Source: Data	2,168.9-2,192.7	2,168.9-2,172.6	1 1/2	5 1/2	pr
Source: Data					Premium + pr. Discount -

Singapore dollar	2.6101-2.6134	Portugal	124.14-131
Swedish krona	1.4775-1.4800	Spain	1.0147-1.0155
S.African rand	4.6955-4.7018	Switzerland	1.3485-1.3491
U.S. dollar	1.875-1.960	Sweden	5.0885-5.0935
European Unit <i>GTW</i> (Lippo Bank)		Switzerland	1.3485-1.3491

Base Rates: Clearing Banks 8% <i>Reserve</i> 8% 10%	Overnight 8% 10%	1 Week	12 month
Discount: 4% 5%	1 month	3 months	6 months
Treasury Bills (Bidding): 2 month 7%; 3 month 7%; 5 month 7%; 6 month 7%; 7 month 7%; 8 month 7%; 9 month 7%; 10 month 7%; 11 month 7%; 12 month 7%	1 month	2 month	3 month
Prime Bank Bills (Offer): 7 1/4% 7 1/2% 7 3/4% 8%	4 month	5 month	6 month
Secured Money Rates: 5 1/4% 5 1/2% 5 3/4% 6%	7 month	8 month	9 month
Interbank: 5 1/4% 5 1/2% 5 3/4% 6%	10 month	11 month	12 month
Overnight: open 10, close 8			

Local Authority Debt:	8%	9 1/4%	9 1/2%	9 3/4%	10%
Secured CDs:	8%	8 1/4%	8 1/2%	8 3/4%	9%
Unsecured CDs:	8 1/4%	8 1/2%	8 3/4%	9%	9 1/4%
Building Society CDs:	8 1/4%	8 1/2%	8 3/4%	9%	9 1/4%

Currency	7 day	1 mth	3 mth	6 mth	Call
Dollar	7-2 1/2	8-3/4	9-1/2	9-3/4	3-2 1/2
Deutsche	10-10	10-10	10-10	8-5/8	9-3/4
Swiss Franc	7-1/2	7-1/2	6-5/8	6-5/8	6-3/4
Yen	4-1/4	4-3/4	3-3/4	3-3/4	4-3/4

Bullion: Open \$343.40-\$43.80	Close \$343.70-\$44.20	High \$343.75-\$44.25
Low \$343.10-\$43.50	Kimberland \$348.00-\$45.00	\$212.00-\$214.00
Sovereigns: OMS \$322.50-\$42.50	\$250.00-\$2.00	New \$232.50-\$4.50
Platinum: \$338.25 (\$221.75)	Silver: \$3.81 (\$2.365)	Palladium \$94.25 (\$38.35)

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[illegible]







## The service that keeps on growing

**Rodney Hobson**  
describes in  
a special report  
how businesses  
are finding  
new funding

Signs that smaller businesses are turning from banks to other sources of finance are contained in figures from the Association of British Factors & Discounters. Research shows two other significant trends in a service that is still shaking off suspicion and ignorance among potential users and financial advisers. Invoice discounting, where the provider lends as bills are sent out, has overtaken full factoring in popularity, and factoring is playing an increasing role in management buyouts.

The association reported a 10 per cent higher turnover in the first half of 1992 than in the corresponding months of 1991. Sales financed by association members were £7.5 billion against £6.9 billion.

Last year, for the full year, turnover rose only slightly to £14.2 billion from £13.8 billion in 1990.

Alan Hughes, the association's chairman, says: "The upturn in invoice finance volumes suggests companies are now seeking alternative ways



Toby the pig is the Hillmans Plant mascot but Brian O'Connell attributes success to factoring

of funding working capital. For many healthy businesses, factors have important advantages over banks. They provide flexible finance linked to sales and they have plenty of capital ready to lend."

The figures also show that the extent of bad trade debts absorbed by association members on their clients' behalf slipped 1 per cent to £6.4 million in the first half of 1992, compared with £6.5 million in the corresponding period of last year.

There is evidence, too, that factors and discounters are winning the battle against delayed payments. The average time taken to collect is 62 days compared with 80 days for companies without a factor's support.

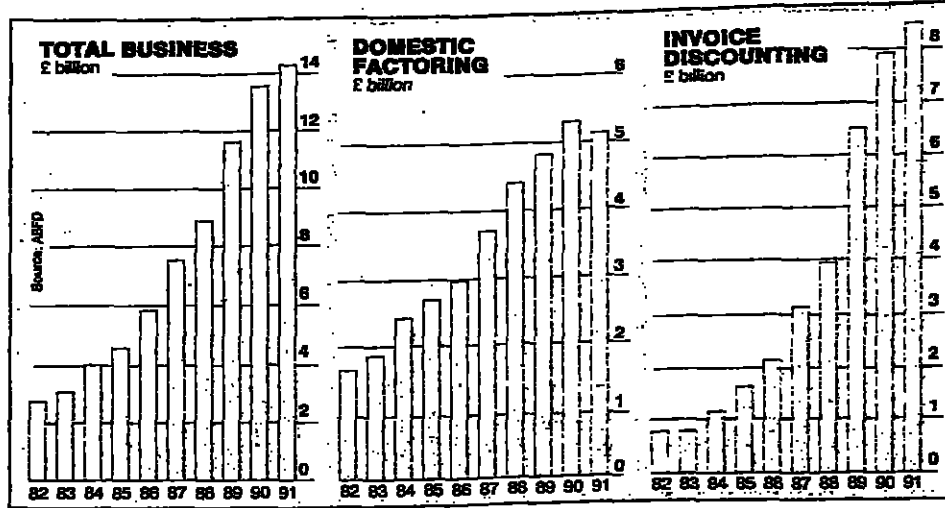
Factoring and discounting

can be the difference between surviving and going under. Few have found life tougher than Hillmans Plant, a Sussex company that hires equipment to the construction industry. The directors turned their efforts to supplying plant for the utilities, where cables and pipelines were being updated after privatisation. As new opportunities opened up, Hillmans opened a London depot and began working at full capacity. This led to cash flow problems as payment delays stretched out and the cost of credit control soared.

Hillmans worried that factoring would dent personal relations with customers. However, Brian O'Connell, a director, says: "It has been a great success. We have expanded and increased sales,

maintaining profit margins in a highly competitive market." The switch has brought a boom for factors. International Factors, owned by Lloyds Bank and the largest operator, reported record business in 1991, exceeding £3 billion, a figure never before reached by a UK factor.

Despite dramatic variations in the economy during the past six years, International Factors has increased its business throughout. The gain in 1991 was 10 per cent. In 1985 its turnover reached £1 billion. By 1989 it was the first factor to achieve a £2 billion turnover. Even during recession, the company took only two more years to reach the next milestone.



Tom Hutson, the managing director, says: "Nobody can deny that 1991 was an extremely tough year for everybody, and to have increased our volume of business in such conditions is extremely encouraging. Our steady growth just goes to show that more and more businesses are realising that factoring is a cost-effective and efficient management tool, whether we are in boom or recession."

Despite the attractions of factoring, the real boom area is invoice discounting, now accounting for 59 per cent of turnover among association members. Gerard Nolan at UCB Invoice outlines the attitudes that have previously held back invoice discounting. He says: "Companies that choose an alternative route and the

advisers who prompt them to do so are often regarded as commercial mavericks rather than enlightened or astute financial managers."

He points to a Midlands company that started to use invoice discounting at the end of 1987 when the bank refused to increase the £300,000 overdraft. By switching to invoice discounting the company was able to reach its £5 million turnover target in three years instead of the projected five. The bank has now provided an extra £50,000 unsecured overdraft.

Rapid growth in invoice discounting is exercising the minds of some association members. The term discounters was added to the title in 1991 and there is concern that the association is becoming

## How the silk firm finally found the cash

FACTORS are always striving to shake off the image that they are lenders of the last resort but many customers still turn to them after being refused further finance from the banks. Often a customer decreed to be unsuitable for a loan will be sent to the bank's own factoring subsidiary as a model customer.

Dunford Wood Designs, in Warwickshire, was turned down by bank after bank on the ground that its business plan was not a good banking proposition. The business turned to factoring through Alex Lawrie as a means of increasing cash flow to keep up with increasing demand for its hand-painted silk garments.

The business was founded 13 years ago by Hugh Dunford Wood, an artist, and its products are sold in a dozen countries around the world, and by companies such as Harrods and Moss Bros. The firm employs 15 freelance artists to ensure a continuous stream of new ideas and influences.

Exporting makes up 50 per cent of the business, so an efficient debt export collection service is vital. Alex Lawrie provides 70 per cent of the value of export sales invoices within 48 hours.

Prue Hardwick, a business partner at Dunford Wood Designs, says: "Our biggest overseas market is Italy. Although this is a great compliment to the quality of our designs, it also presents problems as Italians are reputed to be bad payers. We employed Alex Lawrie to manage these slow-paying customers and, most importantly, to carry out credit checks before accepting export orders."

The company has four full-time staff and was keen to keep the core as small as possible, so it preferred its sales ledger to be managed by a third party.

Mrs Hardwick says: "Chasing old invoices and worrying about the level of the overdraft are unproductive, depressing preoccupations."

## Discreet discounters to the rescue

An American financial import similar to venture capital and bank loans keeps many businesses afloat

Invoice discounting is still widely misunderstood, even by accountants and financial advisers, despite being the fastest-growing area of factoring services. It is a line of finance comparable to venture capital or a bank loan and is suitable for companies with turnover of at least £2 million, and preferably £4 million.

The service was invented in the United States at the start of this century, when many customers settled their bills only twice a year. Manufacturers were often short of capital for expansion as financial institu-

tions declined to lend money when it was most needed. Invoice discounters offered finance to tide the manufacturers over, using the invoices as collateral and usually lending up to 80 per cent of their value.

The discounter charges an administrative fee, normally no more than 0.5 per cent of turnover, and a second fee based on the amount of money advanced. This rate is broadly

comparable to overdraft rates. Gerald Nolan, the head of marketing and sales at UCB Invoice Discounting, says: "It is not factoring in disguise. It is not a credit control and debt collecting service. It is purely a means of raising cash but with much greater flexibility than a current account overdraft or a slice of venture capital."

UCB Invoice Discounting, the largest operator in the field independent of a banking group, lent more than £55 million to British businesses last year. Unlike factoring, invoice discounting is discreet. A company using the service need not let its customers know that it is raising working capital against their debts.

The company using invoice discounting retains full control of its sales ledger and credit management. "Invoice discounting is not a surrogate accounts department," Mr Nolan says. "In fact, it is only those companies that have full control of their sales ledgers who turn to invoice discounting in the first place. Debt collection remains the responsibility of the company."

The amount of cash a company receives from invoice discounting is directly affected by sales activity. When sales go up, the amount of money received goes up. This gives an advantage over bank facilities that tend to be based on past performance. When banks do

lend money against unpaid invoices, in the form of overdrafts, they normally allow only 40 per cent of the outstanding sum, compared with the invoice discounters' 80 per cent.

Mr Nolan complains that British companies seem to regard bank overdrafts as inevitable. Mr Nolan asks: "Isn't it time that financial advisers, accountants, even credit managers and finance directors, started to ask themselves whether their bank is always the best place to turn for extra cash, especially when the banks can, and do, withdraw overdrafts at a whim?"



Gerald Nolan: "Greater flexibility than an overdraft"

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# A boon to managers who buy out

The role of factoring in deals helps to keep down the borrowing

The role of factoring and invoice discounting is now accepted as the important third element in the financial package of companies that are bought out by their own management.

Stuart Parker, the chief executive of Trade Indemnity-Heller Commercial Finance, says: "After equity capital and mezzanine finance, cash provided against the security of the current assets is extremely important."

"It is a facility that exactly matches the dynamics of the new business. By utilising this form of finance it is possible to reduce the equity requirement of the principal and other investors as well as reducing the fixed level of expensive mezzanine finance."

"Furthermore, if the client chooses a non-recourse facility — where the factor stands the loss for bad debts — involving the provision of credit insurance, it is possible for this to become a form of off-balance sheet finance."

Mr Parker points out that the last thing a newly formed company wants is the experience of bad debts. Just one or two defaults can wipe out any profits.

David Richardson, the senior marketing manager at International Factors, says: "The recession has caused many casualties in business, especially among management buyouts."

"After being carried away by the enthusiasm of the 1980s, many management teams



Wheels in motion at Century: Lawrence Newsome. Beating cash handicap: Stuart Parker of Trade Indemnity-Heller



committed themselves to large debts that became crippling as interest rates rose and times got harder."

The 1990s have brought a more realistic attitude among managers and this has kept the tide of smaller management buyouts running while big deals have virtually disappeared.

An example is KDL, a Manchester-based computer company bought out from Kalamazoo in February 1990. Ian Hogg, the managing

director of KDL, says Kalamazoo was moving away from distribution of personal computers but he and his management team believed there was a considerable market.

The main concern was whether sufficient funds could be raised at short notice.

Mr Hogg says: "International Factors was able to offer us what we required. We were able to remain sole shareholders while obtaining the funds we needed."

"They could also provide us

with a package of services that would free us from time-consuming administration, enabling us to concentrate on strategy and development rather than worrying about the sales ledger."

International Factors initially provided the buyout with £1.2 million against outstanding debts. During the first year of independence, the company's turnover grew by nearly 40 per cent.

Mr Hogg says: "While times were good, many of our

competitors concentrated only on developing their sales and neglected the fundamentals of sound financial principles and business planning. As a consequence they suffered when the going got tough."

Lawrence Newsome, a director at Century, the newly formed factoring arm of Close Brothers, believes that management buyouts will continue to seek the help of factors.

He says: "Confident that the recession is bottoming out, managements are seizing the

opportunity to purchase, with the help of financial backers, businesses that are being offered at bargain prices.

"Mounting a buyout can involve complex legal and financial negotiations and an experienced, qualified, professional team can advise and ensure that transactions go through smoothly and rapidly. "Management buyouts from receivers accounted for roughly one in five buyouts last year, and as the highest level of failures occurs as companies come out of recession, growth in the number of buyouts is predicted to continue. Severe time pressures are normally inherent in such deals and a dedicated management buyout and acquisition division is geared to react to meet deadlines."

Paul Hird, the marketing director at Venture Factors, says that in 90 per cent of cases where a business is reborn the new company will have lower costs and overheads and consequently will be leaner and fitter with a lower break-even turnover level.

He adds, however: "Planning cannot be treated as a one-off. It needs constant reviewing and refining."

Mr Hird says that the most important area to a factor who is considering supporting a reborn company is the failure of the original business.

He asks whether the management understands the reasons for the failure and whether it has learnt from its mistakes.

The factor will study the liquidator's report and look closely at recovery levels expected from debtors. The list of proposed customers will be checked for creditworthiness and the financial commitment of the shareholders will be compared with the proposed facility required from the factor.

## Debt solution, in miniature

Rescue money helps a company to multiply takings ten times over



Fiona Odle: "We were owed £23,000. It made sense"

USING factoring has helped the No 1 Framing Company to expand turnover from £11,000 to more than ten times that amount. The company now expects to double turnover again by the middle of next year.

The company was set up in 1985 near Harrogate, North Yorkshire, by Fiona and James Odle, and the key to success has been the Fiona Odle Collection of miniatures.

Mrs Odle says: "We chose the miniature market for commercial, not artistic reasons. I noticed that nobody was producing them, so I decided to provide local galleries and gift shops with a series of miniatures of their town or area from four different perspectives. These prints have been popular and we are constantly gaining new outlets."

The Odles approached Lombard NatWest because, although they had a £120,000 turnover last year, they were having cash-flow problems. Mrs Odle says: "We had £23,000 worth of debts outstanding and simply could not get customers to pay the invoices. Rather than extend the company overdraft, made sense to pay a fact and benefit from the other services it provides. Lombard's stamp on the invoice seems to make companies pay more quickly. I would say the 30 per cent of our customers are now remitting their payments sooner than they did before we had a factor."

"Chasing invoices is very time-consuming and frustrating. I am now spared this hassle."

The improved cash flow has enabled the Odles to buy badly needed computer and to lease further workshop space.

## Small business saver

The service gives an extra day for productive work

Hope is shining through for the small businesses that have taken the brunt of the recession. International Factors says its clients with an annual turnover of less than £250,000 are achieving record turnovers, with year-on-year increases as high as 30 per cent.

A survey by Lombard NatWest Commercial Services showed that small business clients had had an average growth rate of 33 per cent in less than two years and were likely to grow by 46 per cent during the next 12 months.

Paul Gee, the marketing and sales director, says an extra working day per week and a 19 per cent improvement in trade debts collection are among the advantages of factoring for small businesses. He says credit control and sales ledger administration have cut the average working week of small business owners from 72 hours to 63.

Tony Cox, the managing director of Venture Factors, says: "Despite the recession, there are still plenty of healthy, viable smaller businesses with excellent growth prospects if they receive proper financial support. They need to maximise their working capital and, in a number of cases, there will be a clear requirement for development capital in relatively modest sums that could make the difference between survival and success."

He says companies are tying up working capital in subsidising late-paying customers. Mr Cox says there are some types of company that are likely to benefit:

● Younger businesses with many priorities but limited resources. Sales accounting and credit control are not at

the top of their priority list.

● Manufacturing companies, which need to plough back profits into fixed assets, leaving a shortage of working capital.

● Distribution companies. Capital costs are not high but a

letter of credit facility and the working capital to fund it are needed.

● Manpower agencies with blue-chip clients. The gap must be bridged between paying staff weekly or monthly and being paid by clients.

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**MUSIC page 38**  
Now for the Ring?  
Simon Rattle reaffirms  
his Wagner credentials  
in a Birmingham concert

# ARTS

**THEATRE page 39**  
Kit Hesketh Harvey, half  
of Kit and the Widow,  
librettist for a Norwegian  
"operamusical"



**CINEMA: Geoff Brown reviews new releases and reports from a silent-film festival**

## Good riddance, Columbus



Gérard Depardieu in 1492: *Conquest of Paradise*, playing Columbus in the "false, blurred image of a pacifist visionary out of step with his time's cruel temper"

**S**o the secret is out at last. Christopher Columbus was French. At least, Gérard Depardieu gives that strong impression in 1492: *Conquest of Paradise*, the biggest and the last of this year's tedious Columbus movies. Still relatively unpractised at speaking English on screen, Depardieu lends a Gallic flourish to every line of his ample dialogue, even a line as Americanised as "You want a war? Fine!"

He looks the part, though. Where George Corraface turned Columbus into a well-scrubbed sex symbol for the Salkinds' silly *Christopher Columbus: the Discovery*, Depardieu goes for the natural look. The body is bulky; the hair has never seen comb or scissors; the nose seems more knobbly than ever. You feel you might find George Corraface executing the tango in a Lisbon nightclub; Depardieu belongs at the prow of a ship, assailed by winds and mutineers, pushing forward mankind's frontiers.

Curiously, Depardieu leaves port with the Niña, the Pinta and Santa Maria only to sail into a dramatic mill-pond. Since the director of this lavish French-Spanish-British enterprise is Ridley Scott, there is never a shortage of visual drama: every frame contains more than its share of smoke, mist, rain, fire, or sunlight shafts cutting a path through forest verdure. But where is the tension? Backed by Queen Isabel (Sigourney Weaver, making up for her *Alien* skinhead look with luxurious tresses trailing to her waist), Columbus sails to the New World, discovers some nice Indians, and then returns, with remarkably little fuss at all.

Once Columbus sets out again to consolidate Spain's colonial grip,

**1492: *Conquest of Paradise* (Empire, 15)  
*Husbands and Wives* (Lumière, Gate, 15)  
*Prague* (MGM, MGM Trocadero, 12)  
*Buffy the Vampire Slayer* (Plaza, 12)**

The film begins with a New York couple, Sydney Pollack and Judy Davis, nonchalantly announcing their break-up. The camera, lurching and probing like a video camcorder perched on a shoulder, then documents its ripple effect on the troubled marriage of Allen's own character, a literature professor, and his wife, Mia Farrow.

"Do you ever hide things from me?" she asks, plainly worried. Later, Allen admits that fantasies about young pupils are common among professors: to prove the point, he drifts into a platonic affair with one of his own students. The film jangles with exposed nerves, accusations and acid one-liners. Few prove more wounding than Farrow's line, "You use sex to express every emotion except love."

**Y**et there is far more to the film than these surface parallels with Allen and Farrow's domestic troubles. Thanks to sharp writing and some superb ensemble playing, *Husbands and Wives* seems in the viewer the way few recent Allen films have managed. Carlo Di Palma's rough-edged camerawork disconcerts at first and remains an occasional irritant (what is gained, for instance, by the camera swooping down to stare at floorboards?). But it thrusts us straight into these fractured Manhattan lives, beautifully realised by Allen's cast. Judy Davis is particularly magnificent as the brittle sophisticate Sally; only

Juliette Lewis disappears as the naive yet manipulative student Rain, Allen's phantom of desire.

On now to Prague, Jan Sella's wispy follow-up to his Orkney reverie *Venus Peter*, which won many friends three years ago. Sella admits that he wrote the script without knowing where his story was heading. Unfortunately it shows, for the three main characters — a callow young Scot, a sensuous film archive assistant, and the archive boss — rattle round the Czech capital with little of significance to do.

The Scot (an appealing puppy-dog performance from newcomer Alan Cumming) has arrived to find film footage of his family; the days become filled with bureaucratic delays, romance and deception. Since the triangle's other sides are Bruno Ganz and Sandrine Bonnaire (making her English-language debut), *Prague* proves relatively painless to watch; but it remains a low-calorie Europudding. Sella's striking scenes and lets the Prague setting work its magic, assisted by Darius Khondji, the cameraman of *Delicatessen*. The scenes, though, never build, and the film, which struggles to say something meaningful about personal and national identities, collapses into its constituent parts: pretty pictures, wry comedy, and expert actors at a loose end.

without saying "Oh, wow" or "Totally". Now she must learn somersaults, kicks and get the knack of sinking a stake into a man's heart — all to combat Rutger Hauer and his vampire band.

The film-makers wasted few resources on this witless concoction. The lighting is particularly perfunctory: while director Fran Rubel Kuzui stages the action in the most arid manner possible, Rutger Hauer usually gives good value even in trash, but Joss Whedon's script throws him meagre crumbs, and gives better material to sidekick Paul Reubens. The film makes a botch of its vampire comedy, but at least pokes fun at the vacuous "valley girls", born to shop, drone and bitch.

Building on the box-office success of the hideous *Akira*, the ICA Cinema presents from tomorrow a two-week season of Japanese cartoons, entitled *Manga! Manga!*. These are not for those in love with floppy bunnies. Just glance at some titles: *Robot Carnival*, *Twilight of the Cockroaches*, *Urotsukidōji: Legend of the Overfiend*. Stylistically tethered to their comic-strip origins, the films typically present a lurid, post-apocalyptic world of mutants and galactic thugs, though a few gentler offerings have crept in on tiptoe.

Children would be better served at halfpenny by the Children's London Film Festival, at the National Film Theatre (071-928 3232) beneath Waterloo Bridge, from Saturday. This rounds up good clean fare from Canada, Britain and all points east. New Zealand's *Moonrise*, a vampire comedy with Al Lewis from *The Munsters*, launches proceedings in rollicking style.

## West End producer to break Sunday silence

**WHY** don't West End theatres open on Sundays, when London's concert halls, galleries and cinemas are pulling in the punters? The question was asked a few weeks ago on these pages by Benedict Nightingale, the *Times* theatre critic, who pointed out that Broadway does good business on a Sunday and that several British regional theatres are also successfully experimenting.

Now the force of sweet reason seems to be prevailing. When the touring production of Irving Berlin's *Annie Get Your Gun* reaches the West End this autumn, it will play Sunday matinees instead of Monday evenings: the first time a big West End musical has opened with a performance schedule including Sunday afternoons. "It comes as a direct response to a perceived public demand and an article by Benedict Nightingale in *The Times*," says Annie's producer, Ronald S. Lee. With Kim Criswell in the title role the show opens at the Prince of Wales on November 25, and Lee is offering cut-price children's tickets at Sunday matinees up to Christmas.

### ARTS BRIEFING

become inevitable. "Sadly, people who are on low incomes for a number of reasons are not always able to afford seat prices," she added.

#### Cheers for someone

A £10,000 prize is being offered by the British film voted the most popular by audiences attending next month's London Film Festival. The money, put up by Tennent's Gold Beer, will be used to boost the chosen film's advertising budget when it is released commercially in Britain. "This will give a least one British film a better chance of reaching a wider audience," said Sheila Whitaker, the festival director, while David Putnam hailed the award a nothing less than "a sea-change in the relationship between film-makers and their audiences".

Kenneth Branagh, meanwhile has called it "an excellent idea" — which is not surprising, really, since Branagh's own latest film *Peter Friends*, which will be screened at the festival on November 5, has a fair chance of picking up the cash.

#### Singalonga Luciano

**KARAOKE** opera — it had to come. The record company Pickwick Classics has released an album containing 16 of the most famous operatic arias, from the Toreador's Song to "Nessun dorma", minus the vocal parts. Those determined to inflict injury on themselves and others by imitating the Pavarotti top B or the Caballé coloratura may now do so with all the benefit of full orchestral accompaniment.

A complementary album has the same arias plus the solo voices (up and coming young British singers), and there is an accompanying booklet with the texts in English and the original languages. Heaven help the publications of Kornford if it catches on.



David Putnam: "sea-change" coming in British cinema?

● **AT THE** embattled Royal Opera House they are under fire again. This time from disabled patrons who say new ticket prices will force them out of the house. Seat prices for the "semi-ambulant" have gone from £16.50 to a £27.50-£49 price band. "This means, simply, that disabled people on low incomes, in other words, most disabled people, can no longer afford to attend," says Artsline, the information service for the disabled.

Disabled patrons cannot choose to pay £4.75 for a ticket in the Upper Slips because seats there are inaccessible to wheelchair users, and there are only two wheelchair spaces available for £16.50, out of 2,098 seats. A demonstration outside Covent Garden on Tuesday night coincided with a performance of *Porgy and Bess* — an apt choice, given that Porgy is wheelchair-bound.

An opera house spokeswoman said that prices had been pegged for four years and an increase had

#### Last chance...

THE Saw Doctors have been described as a combination of the Beatles, the Byrds, the Pogues and Madness, and less flatteringly a "designer bogmen". From Tuan Co Galway, they extract maximum mileage from their cultural heritage on their latest album, *All The Way From Tuam*. But their twang guitar, Hammond organ, roots mandolin-based music, energy and good humour have built up considerable appeal on this side of the Irish Sea as well. Their tour end with shows at the Birkbeck, Brist (0272 268514) tonight and at Brixton Academy, London SW (071-326 1022) on Saturday.

## Silent witnesses to a golden age



Delightful Virginia Davis in *Alice's Wild West Show* (1924)

**P**eople attend film festivals for many different reasons. You may go to discover new talent, mingle with stars, catch up on the latest Bulgarian productions, or acquire a suntan. But the people who flock to Le Giornate del Cinema Muto, held in the friendly Italian town of Pordenone, have one purpose in mind. They are scholars, collectors, archivists and enthusiasts, come together to share a passion for silent cinema.

In the best of years, something remarkable occurs at these "Days of Silent Film": you can watch film history change before your eyes. This happened three years ago when the treasure chest of pre-revolutionary Russian cinema was prized open to astonished eyes. It also happened in 1988, when every day brought major American features of the teens, long unseen, dancing onto the screen.

This year was not quite the best: the main retrospective, devoted to the French company Eclair, drew some of the most dedicated scholars out into the cinema foyer to hide their time. Eclair, formed in 1907, built a strong reputation for its camera equipment (still manufactured today) and its distribution network; but for imaginative film-

making, the surviving output compares poorly with the work of its rivals Pathé and Gaumont. The organisers' programming also tested the audience's powers of endurance: one evening's session, more than three hours long, consisted entirely of 23 shorts.

Yet nobody would have wished themselves elsewhere for a moment. For around the corner, some marvel or fascinating curiosity always lurked. Most could be found in the retrospective devoted to Frank Borzage, the lyrical director of *7th Heaven*, *Street Angel* and many varied, uneven talkies. He was at his prime in the late Twenties, creating films marked by skilful acting (particularly from the ladies), an exquisite composition sense, and a tender awareness of the heart's afflictions.

*7th Heaven*, Borzage's greatest triumph, is a moving hymn to the power of love, set in Paris around the first world war; its power survived Paul Robeson's controversial performance live by the Harmonie Band, which created a striking musical mix of Kurt Weill and John Adams, but missed the pathos of Janet Gaynor and Charles Farrell's romance. Predictably, there was not even a squeak of

"Diane", the vastly popular song that rang through the original synchronised soundtrack.

*7th Heaven*, however, was an old friend. Other Borzage films proved wonderful discoveries. *The Circle*, based on Somerset Maugham's play about elopement, revealed the director's ability to steer light comedy towards serious matters without ever tripping up.

Two tribulations-down-the-decades stories, *Secrets* and *The Lady*, showed their star Norma Tal-madge as a formidable actress, who never milked the emotions despite constant encouragement from her scripts. The earliest films screened — lively Westerns, strong on character — also demonstrated Borzage's skills as an actor: with his friendly face and curly hair, the screen lost an engaging personality when he retreated behind the cameras for good in 1918.

Yet even Borzage would probably fade when pitted next to Virginia Davis, a delightful child performer who appeared as Alice, a live-action interloper in Walt Disney's earliest silent cartoons. She came to Pordenone to watch the films she made as a little girl nearly 70 years ago; she remains petite and still imbued with a child's high spirits.

The Disney retrospective proved particularly fascinating. As the days passed and the films unrolled, you could watch Disney's confidence grow as he moved his business from Kansas City to Hollywood, developing a repertoire of gags and characters. These films are not astoundingly imaginative: repetition quickly sets in, and Julius, the perky cat who uses his tail as anything from a catapult to a question mark, clearly treads in the footsteps of Felix, created by Otto Messmer in 1919. But there is something irresistible in fish, bears and farmyard animals doing the shimmy (Disney's menagerie is very much of the Jazz Age); and Fernand Schürren's foot-stomping piano accompaniments admirably mirrored the cartoons' ebullience.

Next year, Pordenone promises a grand round-up of product from 1913, a momentous year which saw the film industry begin to take recognisable shape. It will be a momentous year for the festival too, as its home base, the wonderful art deco Cinema Verdi, will be closed for redevelopment. But wherever it is based, the faithful will flock to see cinema's treasures revealed.

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G. B.







Andrew Gibbon Williams welcomes a political initiative that brings European artists together in a project to brighten the streets of Edinburgh

## Scotland basks in a European light

It sometimes seems as if Edinburgh is over-compensating for the philistine sins of John Knox. No sooner has the Festival packed its bags than the city plunges into another cultural jamboree.

This week a series of art events under the highfalutin banner "Lux Europe" (Light of Europe) gets underway. The excuse this time is the European Arts Festival, and the prime minister's decision to hold the European Heads of Government summit in the city this December.

With the prospect of the world's media focusing on the Scottish capital, Isabel Vasseur, the impresario behind "Lux Europe", saw an opportunity too good to miss: why not illuminate Edinburgh's remarkable architectural and geological features? Better still, why not invite installation artists from the 12 community states to do it for you?

Thanks to a generous contribution from John Drummond's European Arts Fund, Vasseur has repeated her Glasgow Garden Festival success of four years ago by transforming Edinburgh. At least during the hours of darkness.

Such a project, of course — especially

since its *raison d'être* is political — is an open invitation to artists to lodge their tongues firmly in their cheeks, if not to poke them out in open defiance. And cynicism is the key component in several of the glowing manifestations scattered around Edinburgh.

Most blatant in this respect is a huge, coloured neon sign mounted atop New St Andrew's House, one of the buildings where all those edicts from Whitehall are implemented. Outsize letters spell out the legend EUROPEAN HEADS: the word HEADS is upside down. This comment on topsy-turvy political logic comes from one of the Scots included among the 38 contributors, the conceptual artist Ian Hamilton Finlay.

A more oblique barb directed at the summiting to take place in Holyroodhouse Palace has been mounted by the Italian artist Maurizio Nannucci across the entablature of the neo-classical



Work in situ: the installation by the Dutch artist Titus Nolte on Calton Hill

Bank Hotel, halfway down the Royal Mile. As the limousines speed down Edinburgh's ancient high street, their occupants will be reminded that there is more to life than Maastricht and the ERM; "Let's Talk About Art", Nannucci's unavoidable sign proclaims.

The two most conspicuous installations, however, are whimsical rather than moralistic in tone. The metal structures which line Princess Street and which, at this time of year, are usually being prepared for Christmas trees, have been adapted by the Glasgow artist Adrian Wisniewski to carry giant neon fairies; while, on the dramatic rocky protuberance of Calton Hill, the pediments of the Royal Observatory have been emblazoned with abstract neon medallions by the Dutch artist Titus Nolte. From the building's dome an extraordinarily powerful "sky tracker" beam tracks across the Edinburgh night sky.

Whatever the artistic merits of such works, at least the artists have taken advantage of the locations Edinburgh offers. With others, however, it seems as if their creators have missed the point by reproducing gallery art at street level.

Nicola von Skeppgard's *Blue Fields* on Hunter Square comprises glass spheres placed over the skylights of one of Edinburgh's subterranean public conveniences. The effect is less than show-stopping, and the work has already been subjected to some grassroots art criticism; a number of Skeppgard's spheres are, very probably, now sitting on local mantelpieces.

No such event in Edinburgh, however, would be complete without an element of censorship. A work by the German artist Bernhard Prinz which involves images of pouting — though clothed — fashion-plate models was not to the liking of Scottish Widows Life Assurance. Prinz was forbidden to install it on their building in St Andrew Square and was forced to find another location.

• Lux Europe opens today and continues in Edinburgh until January 5

## Next stage in the dame plan

Kit Hesketh-Harvey, the loquacious half of Kit and the Widow, has revamped a Norwegian rock opera for the West End. Jeremy Kingston tries to get a word in

Kit Hesketh-Harvey, cabaret performer, screenwriter and now librettist for a West End rock opera, is generally photographed wearing white tie and tails. That is how he presents himself when playing the more talkative half of the cabaret duo Kit and the Widow: urbane and sharp as a carving-knife.

"White tie, yes. When the management wanted a picture of me without a tie, we couldn't find one anywhere. So there I am in the programme, looking like Edith Sitwell again."

Well, not quite. He has the same high, aquiline nose but not the peevish mouth nor the acid stare that could reduce uppity journalists to junket. Even so, it is refreshing and unexpected to find him wearing a crumpled grey shirt that was evidently not bought in Jermyn Street. And unlike the Dame, he raised no objection to being photographed in bright daylight, outside the Piccadilly Theatre where *Which Witch* opens tonight.

Billed as an "operamusical", this is the brainchild of two Norwegian rock-pop artists who used to perform under the name Dollie De Luxe and first composed the show as a concert piece five years ago. One of this bright pair, Benedicte Adrian, plays the lead and the other, Ingrid Bjornov, conducts. Ole Sorli, also Norwegian, is the producer. Two other significant roles are sung by Norwegians but the rest of the production team is British and includes Piers Haggard, the director, and Richard Hudson, designer.

"The musical is based on a true story from the *Malleus Maleficorum*, the dreadful 16th-century guidebook on witches, about an Italian girl who falls in love with a German bishop. He brings her back to Heidelberg where the bishop's sister and the community bring a charge of witchcraft against her."

"The show is a sort of bible in Scandinavia. The Norwegian government is backing it. The first encounter I had with it was when they flew me out to Oslo for the Midsummer Concert, which of course takes place at about three in the morning and it's still daylight."

The main part of the piece is set on Midsummer Eve: a great witching time in Norse mythology. They did the show in this sports stadium to which 21,000 people came — all of them blonde — with the girls swooning them to the rafters. Well, there weren't any rafters because it was open-air. But demographically, with the population of Norway one tenth of Britain's, this was the equivalent of filling Wembley Stadium about seven times.

"I was brought in to do a spot of revamping on the lyrics, though to say I am the lyricist is deeply inaccurate. I'm really a librettist, if anything, because a complete set of lyrics — albeit in a sort of Abba-English — already existed. Abba-English? The best example I can think of, though

**'A complete set of lyrics for the show already existed, albeit in a sort of Abba-English'**

it isn't from this show, is 'See that girl, watch that scene. Digging the dancing queen'. Which is a wonderful Scandinavian perception of what English could be like, but doesn't quite hold up. So I'm just ironing out that sort of problem, writing rock lyrics which is a field I've not worked in before."

"I had a cathedral education, and when you're singing Evensongs six nights a week the lyrics (sic) get changed just to make your neighbours laugh, I suppose."

"It was the most brilliant musical training you could possibly have. You become a professional musician by the age of 13. You learn how words, albeit ecclesiastical words, sit on a phrase, what vowels can be sung, what things you later learn have technical names you're just absorbing with the Communion Rite. I was a choral scholar at school and a choral scholar at Cambridge, so words and music, and the ways words and music come together, always mattered."

"I'd read English at Clare but really spent my time doing

Gilbert and Sullivan, whom I adore. Sondheim is enraged with me for that but Gilbert is so clever at pointing a joke, and he also occasionally holds back and lets the music come through. He knows where to shut up and let Sullivan do the work, which is what makes the songs particularly ravishing, the soprano and tenor arias, especially."

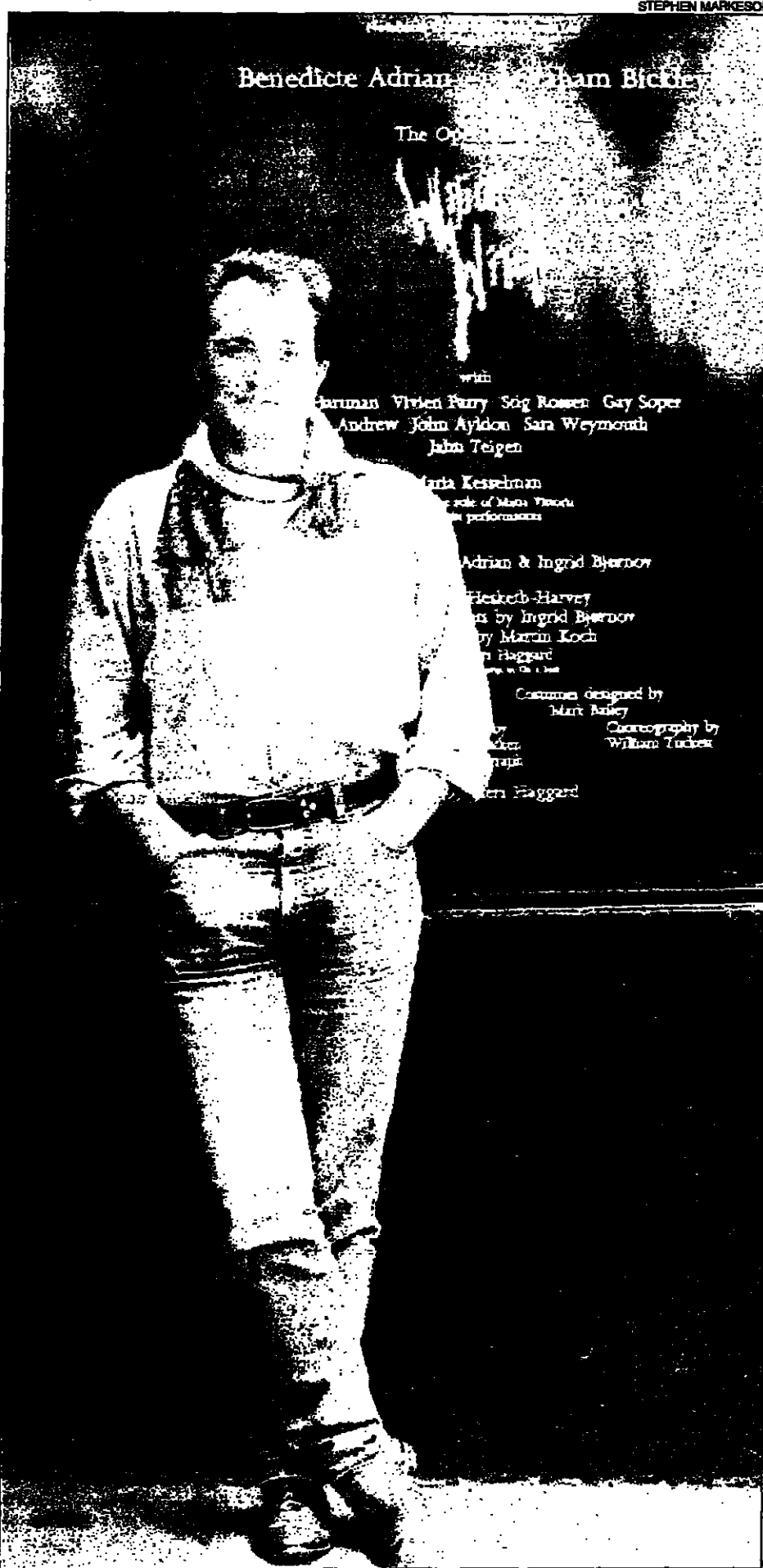
At this point your scribe ventured to sing the opening of Gianetta's song from *The Gondoliers*, on the flimsy excuse of demonstrating Sullivan's long melodic line. Politely unappreciative, Hesketh-Harvey resumes.

"There's a lot of that in this, I have to say. A sort of Norwegian, melancholic expansiveness about a lot of the phrasing the girls have used, which demands long lyrical lines that must still hold your attention. 'Working on Which Witch' has been a different discipline for me. It's a big, broadly-based melodrama with romantically-driven characters in a pretty extreme historical setting, and also a strong orchestra, and witches flying above your head."

So it has to be intelligible on broadly-based melodramatic levels. That means away with irony, away with triple and quadruple rhymes at the end of things. "The girls are pop-rock stars and the style of the music is very much, I suppose, a cross between *Carmina Burana*, which I've always regarded as a rock musical, and a Freddie Mercury rock opera. Benedicte has this incredible coloratura soprano voice — as well as being so beautiful that you walk down the street with her and cars crash — but her voice is used above a rock base. The effect is like Queen's 'Bohemian Rhapsody', except for the private soliloquies, the darker moments, which are, oddly enough, identifiably Norwegian. So it has got a definite style of its own."

So has Kit Hesketh-Harvey, hitherto. One of the songs he and the Widow regularly sing tells of Norwegian back-packers roaming the London Underground. Watch for extra verses in future versions.

• Which Witch opens tonight at the Piccadilly Theatre, Denman Street, London W1 (071-867 1118)



Cabaret performer and librettist, Kit Hesketh-Harvey: sharp as a carving knife

### ROCK REVIEW

## Brief glimpses of greatness

There is no law which says that the best rock shows have to take place in conditions of extreme discomfort, but it happens too often to be a coincidence. As if to prove the point, Suede chose a miserable, rainswept Monday night to stage a triumphant homecoming gig in the inhospitable shoebox of the SW1 Club. Soaked clothes became further dampened with sweat as the temperature soared and necks were craned in an effort to catch a glimpse of the four figures on a "stage" which amounted to little more than a slightly elevated area of floor space at the end.

There was no sign of drummer Simon Gilbert from start to finish, not even a cymbal or overhead microphone to give visual confirmation of his presence. Occasional chest-level sightings of guitarist Bernard Butler and bass guitarist Mat Osman were sufficient to register only that their faces were obscured for the most part by curtains of long hair.

Yet even in these conditions, enough could be seen of vocalist Brett Anderson to recognise his star appeal. Dark-haired and delicately built, with a well-modulated singing voice, he projected an

aura of faint mystery underpinned by an unshakable self-confidence. His slightly camp, stylised-cockney vowel sounds redolent of Ziggy Stardust-era David Bowie.

The band, which has released only two independent-label singles, has been catapulted to early prominence thanks partly to the current dearth of new talent in general. Ridiculous claims have been made on their behalf, but as they worked their way through a concise, well-paced set combining glam-rock melody with modern attitude and a modish touch of grunge, it seemed, for once, that some of the hypebole has been justified.

There were moments when they lost the thread — "Animal Lover", for instance, degenerated into a rather repetitive free-for-all — but it was never for long, and when they hit their stride they were magnificent. A succession of overwrought female fans had to be rescued from the crush at the front, while strident complaints about the lack of visibility were heard from those further away. But the sense of occasion was unmistakable.

DAVID SINCLAIR

### TELEVISION REVIEW

## Pole positions

Those who feared that last night's *Pole to Pole* (BBC 1) would be some dreary new chatshow series hosted by Lech Walesa will have been glad to find that it was the start of Michael Palin's five-month, 12,500-mile journey from the north to the south pole.

The route was down the line of longitude of 30 degrees east, chosen partly because it hit a lot of land, but maybe also because everybody who lives on this longitude seems to speak quite fluent English.

Palin is the perfect surrogate to do your travelling for you. He seems keen to tackle any challenges, but he never seems to be enjoying himself so much that you feel jealous. The format helps. As in Palin's *Around The World in 80 Days*, there is a false momentum that drives the series. Here, it is the task of making it from one end of the world to the other while sticking to this one line of longitude, whether it traverses Gills or desert.

And because there is so much ground to be covered in just eight episodes, there is no time to dawdle so long in a place that you have grown bored. Whereas other travel documentaries try to manufacture the visual equivalent of a

long letter, Palin sends us two-line postcards, at 200-mile intervals. It is an easily digestible format, helped by Palin's ability to remain prominent but not intrusive.

The discovery that some parts of the world are as grim as you imagined comes as a relief. As does the fact that people starved of the stimulation of cities tend to go loopy, especially when daylight and darkness last for months at a time.

It is distressing enough to see grown men who willingly risk death by polar bear, or pan in a Lapland lake for specks of gold so small it would take a decade to gather enough for a tooth filling. But what is trapper Harold Solheim doing, living in a shack in the middle of sheet ice for the past 15 years, with no friends apart from dead seals he has killed for dogfood?

And isn't it time social workers visited the Scandinavian lighthouse keeper who invites Palin for a cosy and "relaxing" 23-day shift on his remote lighthouse, providing Palin dumps his cameraman? Perhaps Palin was kind enough to leave the lighthouse keeper Harold's address.

JOE JOSEPH

## Stepping out over the border

What happens when a troupe of Polish actors is let loose in rural Ireland?

Ellen Cranitch reports a clash of cultures

The young soldier on night duty at Coshquin, one of the most vulnerable border posts in Northern Ireland, didn't know what to make of it. A mini-bus careering towards him, pulsating with the sound of Slav songs. Nor, when it stopped and he asked the occupants their purpose in crossing the border, was he any the wiser. The Polish actors inside insisted they had an engagement with some Donegal Mummies.

The Polish theatre group, Gardzienice, had been invited to Londonderry by the International Workshop Festival, a biennial event which brings together pioneering theatre artists. The company, which comes to London tonight to perform at St Paul's Church (081-741 2311) in Hammer-smith, is known as much for its virtuoso performances as for its pioneering expeditions to rural areas in search of traditional cultures.

Gardzienice is unusual amongst contemporary Polish theatre groups in that politics do not lie at the heart of its work. The troupe was therefore particularly welcome in Londonderry since it did not

come to probe the religious and political conflict. Gardzienice looks instead to rural traditions of storytelling and singing for its inspiration.

Contact with the landscape from which the songs and stories arise is crucial to Gardzienice. Thus, its members perched on Celtic towers and sang songs into the wind or leaptfrogged along deserted beaches in the dramatic landscape of north Donegal.

According to Włodzimierz Staniewski, the artistic director, Gardzienice had always dreamed of coming to Ireland, believing it might strike some temperamental chords with the Irish. The excitement was palpable in the mini-bus as the company negotiated the pot-holes of Londonderry, Tyrone and Donegal. But how would the local population react to a troupe of long-haired, wild-looking Poles?

The pub session in Plumbridge, County Tyrone, was a disappointing start: few of the local artists who had been pressed to come turned up. Another night in Clonmany, County Donegal, it transpired that the majority had come not to engage with the spirit of Gardzienice, but purely because it looked likely that McFeeley's pub would stay open later than normal. The evening in the Rocking Chair pub in Londonderry also proved unsatisfactory, since the bulk of the gathering consisted of Gardzienice and the extensive network of arts administrators.

But there was one triumphant encounter towards the end of Gardzienice's two-week residency. The evening began at the Fowler Hall, Inishowen. The Donegal Mummies had not turned up and a gaggle of adolescent Irish dancers had been conscripted to fill their place. Maura, Dolores, Catriona and Sinead looked purposeful in their stiff velvet

frocks embroidered with Ulster's Red Hand, their long hair severely secured beneath elaborate hairbands.

Mid-dance, and disaster struck: three hairbands fell to the ground. Suddenly a Polish actor pounced on them and withdrew with his trophies, throwing Maura, Dolores, Catriona and Sinead into consternation. After the dance he gallantly returned them.

This moment proved a turning point, igniting the interest of the crowd. The girls' mothers accepted an offer of vodka in their tea; the Irish and Polish musicians intermingled. Mariana exchanged her Ukrainian harmonium for an accordion and struck up a jig. A rousing Polish number set the Irish contingent off on the rumbustious "Wild Rover". Later, the party transferred from the hall to the One Foot Inn nearby, where the evening erupted into dance.

What the Poles drew forth from the Irish was a spirit that lies much deeper than the traditional sectarian divide. What the Irish gave the Poles was some memorable songs, a taste for Bushmills whiskey and terrible hangovers.



Outdoor action: the Polish theatre group, Gardzienice

## SONGS OF MY HEART

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## Words true and faithful

Edward Norman

TYNDALE'S OLD TESTAMENT  
Edited by David Daniell  
Yale, £25

There is an excellent intellectual case for the production and use of modern translations of the Bible: the same case, indeed, as existed when Miles Coverdale printed (in the necessary safety of Germany) the first complete English Bible in 1535. It is also necessary that modern editions should be translations from original Hebrew and Greek texts, and not mere updates of older translations — as happened so often with St Jerome's Latin version. For the resonances of meaning that reside in words change with social and cultural shifts in society, and only direct reference to the original language can adequately meet the requirements of accuracy.

Why then are recent English translations of the Bible so unsatisfactory? Why are they so especially unsuited to public reading in churches? In the introduction to this edition of the Tyndale Old Testament — his edition of the New Testament was published in 1989 — Daniell provides a clue to the answer when he notes the language used by Tyndale to convey the meaning of Genesis 3, the Fall of Man. In Tyndale the serpent says "thou shalt not die": in the Authorised Version the words are "Ye shall not surely die". The Revised English Bible, however, renders this as: "Of course you will not die, said the serpent." This last, Dr Daniell rightly remarks, "has a tone from the world of children's stories". The Revised Version is an accurate translation, but the resonance is wrong.

The trouble with modern translations of scripture and with the new Prayer Book is that they are culturally insensitive. To say this is not to condemn their compilers, but to note that they are transient works: their references to the encompassing culture are without durable qualities.

There has been an extended debate among scholars and observers about the haunting

and lasting qualities of the Authorised Version, the King James Bible. Was it written in language which, though plainly of its age, transcends in verbal imagery the limitations of its time? Or is its atmosphere of timelessness an illusion — a confusion of antique charm with permanent conveyance of a meaning which stands independently of the immediate culture? Is it that we are familiar with its sacred language from our early years and wary of later verbal conveyances?

Wisely, Dr Daniell avoids directing us in such considerations. Instead he offers in his notes balanced and useful information about Tyndale's knowledge of Hebrew and Greek. He concludes that although heavily dependent upon Luther's translations from Hebrew, Tyndale was himself a practised Hebrew scholar. He also points to the indebtedness of the editors of the Authorised Version to Tyndale's work.

Here then, in a magnificent single volume, are Tyndale's Pentateuch of 1530, and Joshua to 2 Chronicles, originally printed in 1537. The actual volume is a handsome production, an ideal gift for anyone who loves the scriptures. Why, though, should anyone still want to read the Tyndale Version? The answer is that it is a work of spiritual beauty, to be received for its own sake. Here are many of the cadences of the Authorised Version, and appreciation of that great work — that seminal influence in English literary and popular culture — is enormously enhanced by reading its equally great predecessor.

Nigella Lawson unwraps the designer decadence of the noisiest self-publicist of our time

## Wannabe Marilyn

SEX  
By Madonna  
Secker & Warburg,  
£25

The high-sheen metallicised cellophane sac in which *Sex* comes swaddled bears a warning: "This book contains adult material and its exterior packaging reflects the controversial and sensitive nature of what is inside." Exterior packaging. Something of a tautology, you'd think, unless it is by way of an admission that what lies within, what it teasingly protects, is merely another kind of packaging. But Madonna has always excelled at the presentation of her own, ever augmented image and image-making, and has taken pains to reveal the pleasure she takes in it.

Interestingly, the more she is intent on revealing publicly, the more seriously she safeguards her privacy. Ever more hulking bodyguards pave her way into the public gaze (her entourage is now reported to number 150), and at the book's launch only her official photographer was allowed to snap her. Her permissiveness is rigorously circumscribed: she cannot be taken by just anyone.

"This book," she asserts in her opening declaration, one of yawning predictability, "does not condone unsafe sex." In case you were to get the wrong idea about the images she purveys of gang-rapes, sado-masochistic dalliances, leather-queens and pain-wracked pleasuring, be reassured: "These are fantasies I have dreamed up. Like most human beings, when I let my mind go, I rarely think of condoms. My fantasies take place in a perfect world, a place without Aids. Unfortunately, the world is not perfect and I know that condoms are not only necessary but mandatory."

That's all right then: the moral force of the prophylactic sheath is unassailable; protection against any charge of irresponsibility. This is the sexual ethic of the age.

And, indeed, for all the brutalities Madonna gives her blessing to, the world she depicts is a perfect one, in one sense at least. Madonna's subversion is sanitised by the high-quality prints that depict it. You may be revolted or entertained by it, but the seaminess and cheap potency of the pornographic realm finds no expression in these adman's shots of choreographed lookiness. It is con-



Faunting the privacy of stardom: everything is on display, but nothing is for the taking

tained and controlled, pure even — designer decadence. There is no dirt on Madonna: even in the grimmier images, she gleams out, a vision of clean-cut glamour. Caught between two rough-scrubbed skinhead lesbians, nipples pierced, daggers tattooed between their breasts, Madonna appears in the full diamante, in

complete glamour kit, all Hollywood eyebrows and lips, swept-back hair and Snow White complexion.

"And by the way," she adds as a caveat to her worthy introduction, "any similarity between characters and events depicted in this book and real persons and events is not only purely coincidental, it's ridiculous."

Nothing in this book is true. I made it all up." This note of saucy childishness permeates much of the book, which, if you were so inclined, you could read as the progress of Dita, good time girl and Madonna alter ego as she hangs out with a variety of accommodating types.

The Dita figure is announced in an

introductory poem, written along the lines of one of Madonna's more bubblegummy pop lyrics ("My name is Dita / I'll be your mistress tonight / I'll be your loved one darling / Turn out the light"), and there is much in this strain between the book's aluminium covers. Madonna's Dita defence is rather blown in a little exchange. A "doctor" asks: "Have you ever been mistaken for a prostitute?" And "Dita" replies: "Every time anyone reviews anything I do, I'm mistaken for a prostitute."

About twenty years or so ago there was a vogue for little books, called things like "God is Love", compilations of cute and precocious kiddiwinks' sayings printed in a round infantile hand. Much of *Sex* is redolent of those. Some entries, in childish script as if scrawled in chalk on a classroom blackboard, are impossible to read in anything but a coy babyish lisp. "I wouldn't want a penis," Madonna concludes. "It would seem like having a third leg. It seems like a contraption that would get in the way. I think I have dick in my brain. I don't need to have one between my legs."

Other offerings are more obviously intentionally funny. Some take the form of letters to a character called Johnny, detailing what she and "the lovely Ingrid" get up to. One such self-mocking letter reads: "Ingrid and I made plans to meet at our favourite restaurant tonight and she showed up with some hand-dresser. At first he seemed alright. But then he started saying things like 'I love women. They make me feel like I'm gonna live forever.' I thought I was gonna be sick. He spent the whole evening talking about celebrities and motorcycles. I felt like I was in the movie *Shampoo* and I only had a small part."

One of the funniest entries is a straight send-up of sex-and-shopping porno-rambles: "Trying on clothes in the dressing room of Ralph Lauren. I took off his slacks. Looking in the 3-way mirror he realized he was hard. Could it be the lovely Cuban salesgirl who brushed up against him in the sales aisle? Could it be the hot bikini afternoons that made his clothes heavy and the back of his neck moist?"

"I don't think you have to have a language in common with someone to have a sexual rapport," concludes Madonna. "But it helps if the language you don't understand is Italian."

## Sleuths and the Morse code

The Way Through the Woods  
By Colin Dexter  
Macmillan, £14.99

THIS IS a puzzle particularly appropriate for *Times* readers, as the solution is developed through this paper's correspondence columns. The police receive a cryptic poem, clearly aimed at guiding them to the body of a young blonde Swedish tourist who disappeared the year before. The poem's publication in *The Times* provokes a gradually unfolding series of clues and red herrings. Inspector Morse, initially following the unravelling from his literary hois in Lyme Regis is drawn in, his familiar doleful and drinkful approach tempered by the intervention of two women in his emotional life. Highly literate, bleaker and more sexually disturbing than Dexter usually provides, and so crucially verbal that I fear for its television prospects.

Black August  
By Timothy Williams  
Gollancz, £14.99

A MIDDLE-AGED schoolteacher is battered lifeless in her apartment. Commissioner Trotti of the Polizia di Stato knew and liked her. It's not his patch, his colleagues resent his interference, but he meddles nevertheless. The journalist in the flat above the woman has a curious reaction to her death: there is a mysterious missing wayward sister, and a variety of secrets from the past. The ageing, moody Trotti is a subtle and convincing creation; the other characters are portrayed with depth and sensitivity, and the

Italian atmosphere is authentically beguiling. First-rate in every way.

I is for Innocent  
By Sue Grafton  
Macmillan, £14.99

AFTER a slightly blippy "H" book, Kinsey Millhone is back on home patch with a stunner. When a fellow gumshoe drops dead, Kinsey is hired in his place to amass evidence for a civil suit against an alleged wife-murderer unexpectedly cleared of the criminal charge against him. Her dangerous digging exposes an alternative version of the homicidal night in question, pointing to the man's innocence: she suspects, too, that her predecessor's heart-attack was not entirely natural. Terrific build-up to a satisfyingly shocking climax. This edges Kinsey to the top of my personal American feminist private-eye hit parade.

Quiet Murder  
By Nancy Livingston  
Gollancz, £14.99

AN OLD MAN is tortured in shabby west London house not long after a young woman in Southend has been paralysed by a savage attack. The possible link is Karl, a mildly psychopathic — long-distance lorry-driver, but the easy conclusion is gradually worn away as the investigation continues. Retired tax-inspector (yes, another one) Mr Pringle, whose lady friend Mavis lives in the dead man's street, helps enquire in his usual diffident

but perceptive way. Livingston abandons her customary exuberant style for a quieter, more chilling approach, which she achieves magnificently.

File Under: Deceased  
By Sarah Lacey  
Hodder & Stoughton, £14.99

LIVELY debut introducing a sleuth who should be good for several more adventures. Leah Hunter, young sparky tax-inspector, goes to an art gallery and ends up with a strange man dying in her arms. His tax records, though, are not those of a blameless deceased. Leah, pretending to be delving into dodgers, looks deeper and is threatened, burgled and beaten up for her curiosity. Drugs, thugs, shady businessmen and a dinky cop buzz around her enquiries. Furious pace, witty dialogue and a thoroughly engaging heroine.

Bucket Nut  
By Liza Cody  
Chatto & Windus, £13.99

CODY'S wonderful female tec Anna Lee makes only a brief appearance in this extraordinary tale of low-life, told by wrestler Eva Wylie, a.k.a. The London Lassassin, a big, less than attractive woman who doubles as security guard, occasional petty thief and smalltime enforcer. She has, though, of course, a heart which if not of gold is at least gilded; when she finds herself in bigger than usual trouble as

a result of inadvertently leaving a fatal bomb at a sleazy club, real emotions take over. Eva is a vivid, uncompromising, original character, showing Cody in bleaker, harder vein than before, but no less impressive.

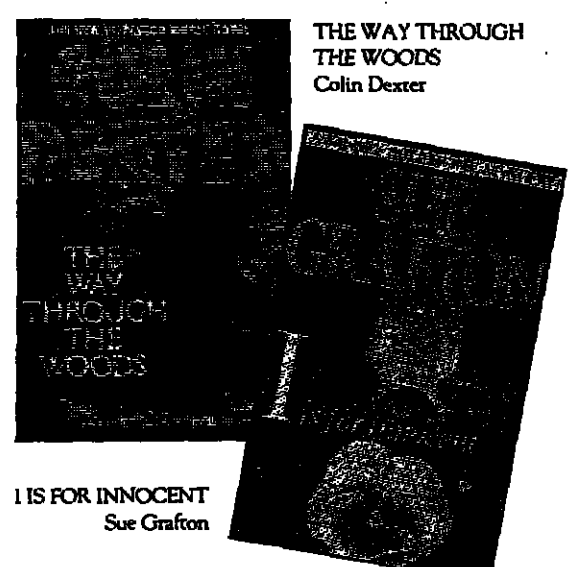
Murder in the Commons  
By Nigel West  
Macmillan, £13.99

UNPLEASANT Labour MP is apparently run over outside Parliament: closer inspection suggests a variety of causes of death, coupled with an even greater selection of suspects, personal, business and political (Commons as well as constituency). His Tory "pair" tries to reach those parts of parliamentary skullgurgery that Mr Plod cannot aspire to. The result is a jolly, old-fashioned romp, well-crafted and full of insider info.

Dead Fit  
By Stephen Cook  
Macmillan, £13.99

NASTY neo-yuppie narcissist battered by the exercise weights at his Docklands fitness club. Local copperess and club-member. Judy Best, a recent victim of the deceased's attempted groping, finds herself and her new black boyfriend on the list of suspects, and has to investigate discreetly and against superior orders. Cook gets the ambience of energetic but declining Docklands just right; the story moves speedily and his cast of lively young Londoners is convincing. A satisfying follow-up to last year's good debut.

What do Colin Dexter, Sue Grafton and Walter Mosley have in common?  
They're all finalists for this year's Crime Writers' Association Gold & Silver Dagger Awards  
And they're all published by Pan Macmillan



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Walter Mosley  
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'Enough gags to last out the recession' — *OBSERVER*

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Waterstones, Bournemouth (13/11, 6.30 pm) Dillons, Cambridge (18/11, 6.30 pm)  
Waterstones, Stratford-upon-Avon (28/11, 6.30 pm)

## LINDA BARNES

Creator of *Carlotta Carlyle*

'The Snake Time was a clear warning to Sue Grafton and Sara Paretsky that their long-held supremacy of the American feminist private eye novel was under threat. With *Capote*, Barnes destroys the duopoly and turns it into a ruling triumvirate.'

Marcel Berlins, *The Times*

A TRIO OF CRIME NOVELS: THE SNAKE, THE CAT AND THE DOG

NEW WAVE CRIME FICTION FROM  
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# Where Terry Waite went wrong

Richard Owen

**HOSTAGE**  
The Complete Story of  
the Lebanon Captives  
By Con Coughlin  
Little, Brown, £16.99

To declare an interest at the outset: Con Coughlin is not only a thoughtful, incisive writer on the Middle East, he once saved me from an unpleasant fate. We were trying to get past the guards at Bahrain airport at the beginning of the Gulf War when he suddenly beat down and swallowed an El Al sticker I had failed to spot on my bag. All Middle East hands travel between Israel and the Arab world — but Arabs with guns in their hands tend not to take that into account.

If there is an underlying theme to Coughlin's book on the hostage crisis, it is the failure of the West to understand the cultures and concerns of the Middle East — and vice versa. He is rightly scathing about Western reporters "parachuting" into complex societies such as Lebanon with little or no knowledge of the secular and religious issues at stake. Even experienced journalists like Terry Anderson had a "dangerous sense of self-importance". For-

signers in Beirut, sipping Lebanese wine on their balconies, failed to see that they were as unwelcome as the Israeli troops who invaded Lebanon in 1982. Young Muslim fanatics from Hezbollah, the pro-Iranian "Party of God", were not impressed when foreigners acquired "a smattering of colloquial Arabic which, like colonialists of past generations, they spoke as a means of humouring the natives".

All foreigners were seen by the streetwise but generally unsophisticated hostage-takers as fair game. John McCarthy, who like Coughlin stayed in Beirut when most had left, emerges as a courageous but naïve. Teachers and churchmen, even those who had turned to Islam, wrongly believed themselves immune. Benjamin Weir thought

he was a Protestant pastor doing good: his captors were uninterested in what a "middle-aged American from the Mid West thought he was doing in their country". Some expatriates were just oddballs: Brian Keenan regularly got drunk and climbed trees to scream: "We'll get the IRA to sort you Hezbollah bastards out." Hardly discreet.

Here, in other words, is a revisionist view of the hostage crisis, and of Terry Waite in particular. Coughlin describes the bravery and resourcefulness with which the hostages endured their incarceration and torture in dank, cramped "cells". Terry Waite, for example, was cruelly beaten on the soles of his (large) feet with a rubber hose. But there is much more on the horrors of captivity in the hostages'

own books. Instead, Coughlin illuminates the Iranian-Syrian-Western interactions which really explain why the hostages were seized, and the blunderings of self-appointed diplomats — such as Waite — who made matters worse. Coughlin perhaps goes overboard in his desire to expose Waite's folly. Waite, in his view, was a man interested only in posuring for the cameras, in the hope of

being *Time* magazine's "Man of the Year", on a par with Henry Kissinger. Flying with Waite to Beirut, Coughlin thought Waite's pomaded beard and gold watch-chain suggested "an Edwardian gentleman on his way to lunch". In his cell, Waite boasted about always travelling first class, and on his release he was mainly worried about trimming his beard (twice) "to face my public". He saw Lebanon as "my story", while neglecting his own family.

But this withering portrait, while it will disturb those who think of Waite as a hero or saint, is based on cold observations — not least those of former Archbishop Runcie. He confirms that Waite almost certainly knew very little about Oliver North's illegal, hare-brained

arms-for-hostages schemes. But he counts him a fool for acting as North's "stooge". Waite "misled me... his love of publicity and lack of sophistication about what was being worked on him by the Americans were the cause of all his difficulties". Runcie, we now learn, saw Waite as a man with delusions of grandeur, given to phoning from the White House just to impress. He reluctantly concluded he would have to be sacked, but too late: Waite had already returned to Beirut, and the waiting kidnappers.

The heroes of *Hostage* are, perhaps surprisingly, the Foreign Office, which Coughlin argues has "a long track record of resolving difficult disputes" behind the scenes, and — less surprisingly — Giamberini Pico, the UN ne-

gotiator, who through discreet diplomacy and impeccable links with Iran, Israel and Syria, got the hostages out — eventually. Here was no blunderer, but a "Venetian diplomat in the Byzantine tradition" who told Coughlin: "I was able to succeed because North and Waite were not able to use the tools I used." The hostages benefited too from closer Iranian-Western ties, and from a stroke of luck when Saddam Hussein invaded Kuwait and chaos broke out, he unwittingly enabled the Dawa 17 to escape and resume the Shia Muslim "holy struggle".

Hezbollah lost the hostage game, but in the process turned from a fringe group into a mainstream political force. There are lessons here about the comprehension gap between the West and the Middle East. I doubt many people have learned them.

Richard Owen is Foreign Editor of *The Times*.

## Maker of a mechanical paradise

Derwent May on the background to the comic visionary, Heath Robinson

Heath Robinson is sometimes thought of as simply the master of the ingenious contraption. James Hamilton's well-illustrated new book about him includes such examples as the elaborate arrangement of small conveyor belts on the dining-table that makes it easier for a gentleman to eat green peas, and the shaky tower built of a piano surmounted by a grandfather clock, with sundry chairs, strings, ladders and tea things on top, for doing a correspondence course in mountaineering.

But this ludicrous ingenuity — witty though it is — is not the essential thing about these drawings. What is really comic is the unquestioning trust and zest with which the characters throw themselves into the enterprise: the solemn servant feeding the peas into the machine, clod over his arm; the wife clinging to the ladder in her floral dress, her son hanging from her belt, the floor below littered with printed instructions.

It is a comedy which evokes a joyous laughter mingled with awe at the innocence of it all — a kind of paradisaical vision found also in such pure comedies as Wilde's *The Importance of Being Earnest* (which is itself a mock-serious, Heath Robinson sort of title).

One picture reproduced in Hamilton's book expresses with unusual directness this outstanding gentility. It shows a servant-girl tripping and dropping a roast chicken on the carpet. But everyone at the crowded table is laughing — and even the girl is laughing as she falls. Not a cross or worried face is to be seen. The title of the drawing? "The Right Spirit".

We might not have had these marvellous drawings, which made Heath Robinson famous in the 1920s and 1930s, if it had not been for the first world war. He was born in 1872 in North London, one of a

line (and indeed a whole community) of local wood-engravers. His grandfather had bound books for the greatest wood-engraver of them all, Thomas Bewick.

Our Heath Robinson, William or Will, was for the first years of his professional life an illustrator of books, including *Don Quixote* and *The Pilgrim's Progress*, and some children's books of his own, notably *Bill the Minder* in 1912. This was based on bedtime stories he had made up for his own children, and is about a champion baby-sitter who takes a troupe of ten children on some fabulous adven-

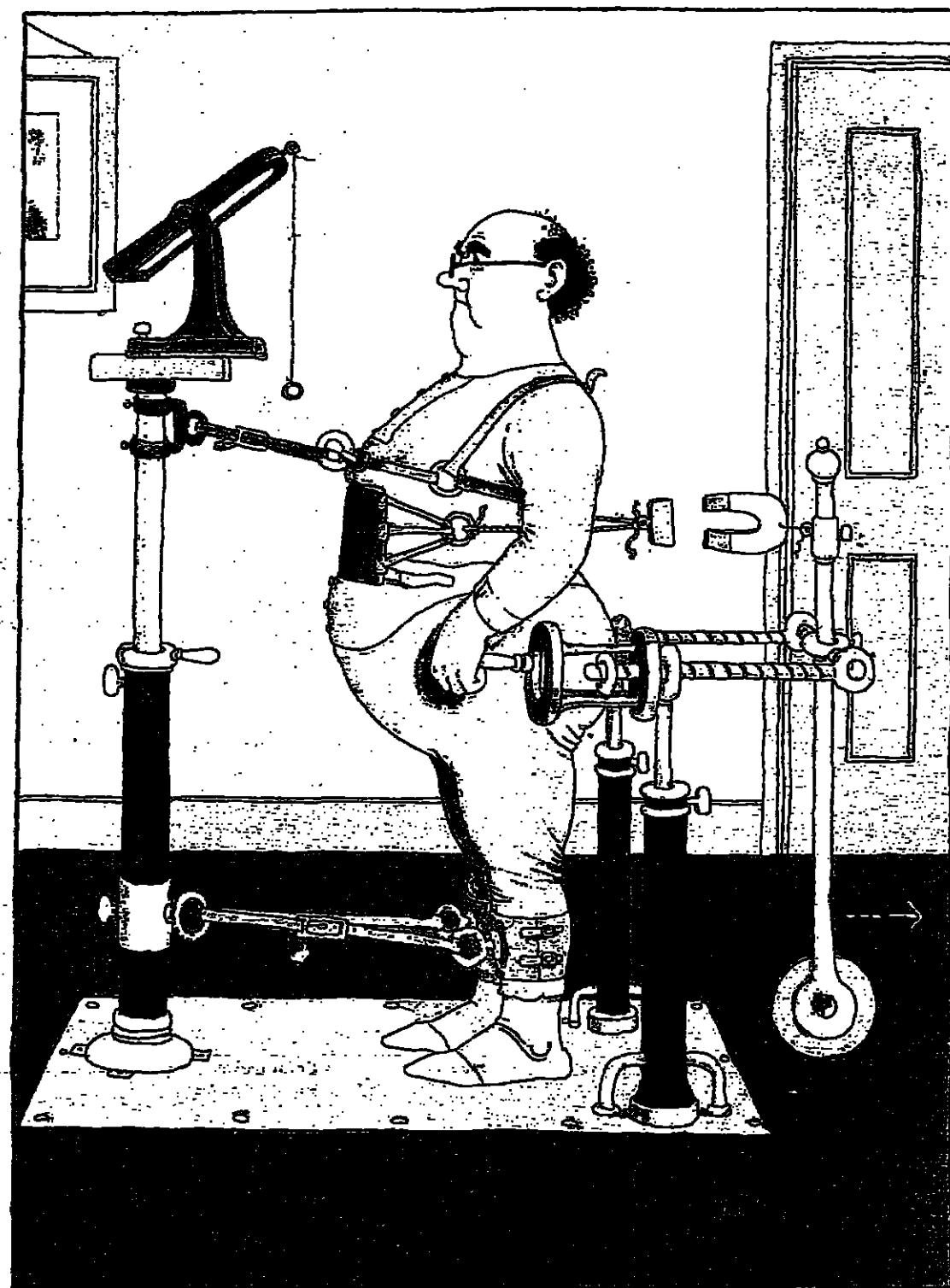
tures, in the company of the indolent, dispossessed King of Troy. The pictures combine a great sense of fun with a Victorian sweetness, but do no more than hint at what was to come. However, the war brought an end to the reign of the illustrated book, and it was when Will had to turn more exclusively to such papers as *The Sketch* for work that his comic genius declared itself.

Except for a few middle years at Cranleigh in Surrey, Will spent all his life in an area of a few square miles round Islington and Holloway, and had what seems to have been a very contented domestic life. It is strange to think of his work flowering in what looks like quite a narrow, journeyman culture. Very likely Bloomsbury had never heard of him, and would certainly not have known what to talk about if they had met him. He belongs to what might be called the Bunyan culture of England, with its own strong, decent traditions and occasional great glories.

Hamilton reports the facts of his life in a clear, readable way, but does not help us to get close to his feelings. Perhaps Will had occasional yearnings for something different. He liked to fantasise to his assembled family that he had another wife, Mrs McGraskin, who wore enormous

hats and had had innumerable children by him, but his real family seem to have regarded this as just part of his humorous way. Oddly enough, when George his younger brother died, it was revealed that he had in fact kept two households, and Hamilton says the news came as a "bitter blow" to Will, but does not tell us how he knows this.

Will seems to have been one of those men whom Iris Murdoch has



Belt-tightening in 1926: A convenient magnetic contraption for reducing the figure by Heath Robinson

lately been praising (in her new book *Metaphysics as a Guide to Morals*), who believe wholeheartedly in the Good without believing in God. One of Will's sons, Alan, became a monk at Prinknash Abbey, and Will was sympathetic but did not follow him into the faith. Just before his death, he sent Alan one of his last drawings, a picture of himself floating up to heaven on butterfly wings — but what awaits him there is only a giant spider's web.

His actual death, at the age of 72, was a macabre conclusion to the way he had lived his life. He came home from hospital, after exploratory surgery for a prostate operation, swathed in tubes and drips and catheters. He tore them all off when he was left alone, and died soon afterwards. It was as though he had come to the end of his fascination with contraptions.

What went wrong? Pimlott says the fault was not the lack of a clear structure, but rather the opposite: "A structure that was too clear, too intellectual, and too unrealistically theoretical, imposing a straitjacket from which ministers, including the essentially non-theoretical Wilson, took years to extricate themselves." Wilson believed the co-operative spirit of the late 1940s still existed. He encouraged people to expect more of a Labour government than it could deliver, and was constrained by his ferish with avoiding devaluation.

For all his obvious failures, notably his failure to tackle

trade union power, Pimlott points out that the 1964-70 government withdrew Britain from its involvement east of Suez, expanded higher education, helped to achieve a reduction in income differentials, and was responsible for "a bigger advance in individual rights and liberties than in any previous administration since the introduction of universal suffrage".

In Pimlott's view, these reforms contributed to an increase in social mobility: "Wilson did not create a classless society, but he helped to give birth to a more open one."

His second, unexpected, period in Downing Street in 1974-76 saw fewer achievements. But his government did secure Britain's place in the EEC with the 1975 referendum, and, after initially aggravating inflation, started to stabilise economic conditions and reduce social tensions. However, Wilson "no longer had the same energy, the same aggression or the same ambition. He took less exercise, drank more brandy, spoke at greater length."

As might be expected from his justly expected biography of Hugh Dalton, Pimlott has written no hagiography. The weaknesses of Wilson's character and contradictions of his career are fully addressed. For all his outward affability, he managed to inspire distrust among his close colleagues from the 1949 devaluation crisis onwards, through his resignation in 1951, his difficult relations with Hugh Gaitskell, and his near-paranoid fear of conspiracies after 1966.

Pimlott also deals with two of the main mysteries about Harold Wilson: the role of Marcia Williams, now Lady Falkender, and his resignation. Pimlott portrays Marcia Williams as filling a gap in Wilson's life as political partner which had been left by Mary Wilson's dislike for the intrigues of Westminster and her concentration on bringing up their family.

The mid-1970s was a murky and unsettled period in British public life, but Pimlott concludes that "the conspiracy theories that have been designed to solve what some have seen as the riddle of Wilson's early retirement do not add up. The straightforward explanation for his departure, that he left because he had lost the desire to carry on, requires no amplification."

Harold Wilson contributed much to British politics. His failures were the consequence of his absorption in the details of the game and the rivalries of the players.

## The pleasures of gloating and intrigue

Colin Welch

**DANCING WITH DOGMA**  
Britain Under Thatcherism  
By Ian Gilmour  
Simon & Schuster, £16.99

**THE SERVANT**  
By Alistair MacAlpine  
Faber, £11.99

Two books, both embellished by likenesses of a younger Mrs Thatcher, as she then was. One snap shows her at ease with Lord MacAlpine, her bubbly and genial Scottish Sancho Panza. The other shows her apprehensively masquerading as the Queen of Dogma. She is "dancing" with the lofty Sir Ian Gilmour, as he then was, whom she has just sacked, at a Young Conservative Ball. His stoutly shod foot appears to tread heavily on Queen Dogma's toes — lucky for her if, when dancing with the Eiffel Tower, her toes are of iron too.

Such clumsiness is endearing and not perhaps inappropriate in one who, as Mrs T complained to a knighted journalist, "takes every chance to do me down". Only a little exaggerated, Gilmour concedes with some satisfaction. An incorrigible William the Wet, he flourishes anew to vex his dogmatic Violet Elizabeth again in the *Violets*.

From all this, you will know more or less what to expect from his account of the Thatcher years, though he is far from mindlessly critical.



Machiavellian MacAlpine (left) and clumsy Gilmour, treading on Mrs Thatcher's toes

He reproves Lady T for taking no steps to avoid the Falklands War, but warmly praises her "almost impeccable" conduct of it, and especially her sinking of the *Belgrano*.

His elegant patrician pages are full of quotations, not all exploding on intended targets. He cites Conrad Russell asking: "Who would have sponsored Sir Isaac Newton to sit idle under an apple tree or Archimedes to sit dreaming in a bath? Well, who did? Who would, or should have done? Lord Russell's query was presumably designed to ridicule sponsored research for commercial ends and thus Mrs T's Philistinism. Does it come off? Gilmour also laments the

fate of a Jim Prior paper on incomes policy, sent to Mrs T three weeks after the 1979 election. "[I]t was not circulated or discussed. It was merely returned... with rude comments by the Prime Minister." What shocked Gilmour will make some smile.

Other squibs from Gilmour's locker are launched at David Willets, a Tory dismal scientist, confessedly "overwhelmed by the power and coherence" of Herbert Spencer's arguments. Gilmour triumphantly quotes Carlyle on Spencer, "the most unending ass in Christendom". Thirty love to Gilmour? Fifteen-all, the umpire might rule. Willets also unkindly urges



children to be seen as "a consumer good". Superficially ridiculous, I agree, but not in context, where taxation is being discussed. Gilmour also refers to monetarism as "discredited", surviving only in the nodules of "clever, amiable eccentrics" like William Rees-Mogg, Nick Budgen, Tim Congdon and Alan Walters. If so, more's the pity. Clever, amiable eccentrics of the world unite: you have nothing to lose but your Keynes.

Gilmour's book gave me, all the same, much pleasure. So does Lord MacAlpine's curious confession. Many will search his 100 pages for a coded chronicle of scandalous Thatcher years. It is there all

right, but so coded as to convey little to those who don't know it all already. Boobies and rascals remain anonymous.

The book is a clever pastiche of Machiavelli, addressed not to the Prince (in this case Mrs T) but to the Prince's Servant, which is what MacAlpine was — or is? — to Mrs T. It contains much shrewd sense, much stylish wit and crepuscular gallows humour, much disillusioned wisdom, all rendered piquant by an almost boundless cynicism. It commends to the true Servant all the "dirty dishonesty and double dealing" commended by Machiavelli to the Prince. All this is sweetened by a weird romantic ardour, which sees embodied in the true Prince a great idea, in the service of which, all, including even self-immolation, is justified.

Did MacAlpine as Mrs T's Servant actually comport himself according to such dark and repulsive maxims? I bet not. Does not intrigue often defeat itself? As prime minister, Campbell-Bannerman used to mock the ceaseless plotting of Lord Haldane, who would tiptoe up the back stairs, but always noisily knock over every broom on the landing.

If MacAlpine did intrigue, how naughty of him now to put it all down on paper — especially as he remains forever in the Prince's service. The real intriguer conceals forever his devious ways. In his fulsome dedication to Lady Thatcher, MacAlpine suggests that "she could have been better served". Is she well

served by those who now let cats out of the bag, especially many unauthorised cats not obviously of her breeding and choice? I recall another Servant of hers, Harvey Thomas, shamelessly blurring out on television that she and her Tories had much to learn from the Nuremberg Rallies. My hat! Much to learn? Much to avoid, more like, or, if anything, to learn, that lesson and its source to be kept hidden.

Books must be published by Princes and Servants, writes MacAlpine, only for a purpose. The purpose of his book can't be to serve the Prince. Silence would have served her better. Is the true purpose perhaps fun or vanity, self-indulgence or satire? Is it, like Thorstein Veblen's *Theory of the Leisure Class*, perhaps a mordant swipe at the variety of human wishes, half disguised as a dry, pseudo-scholarly thesis?

Due to an error of transmission, I attributed in a recent *Times* review a sense of fun to G.M. Trevelyan, who had none. MacAlpine is a merrier fellow. The benign ghosts of Panza, Jeeves and Weller haunt his pages, which will make you think much and laugh more.

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# ACCOUNTANCY

## Cutting a surplus nobody wants

John Barnsley  
offers harassed  
finance directors  
eight ways to  
minimise ACT

QUOTED companies are writing off about £10 million a week in irrecoverable Advance Corporation Tax. ACT must be accounted for every time a company pays a dividend, and, in theory, if then (within limits) satisfies the company's subsequent corporation tax liabilities.

Paying ACT should be just an irritating cash flow disadvantage. But if the company does not have a large enough UK tax bill, much of the ACT paid is effectively wasted, leading to an unduly high tax charge and depressed earnings per share. This surplus ACT problem principally affects groups with substantial overseas earnings, which pay much of their tax abroad.

There is no magic solution, but good planning can help a lot. Here are a few possibilities:

(1) Pay dividends a little later. ACT on a dividend paid on March 25, say, must be handed over on April 14, but if the dividend is paid on April 2, the ACT need only be paid on July 14, helping cash flow for three months. Hanson recently rephased its annual divi-



Profitable hole: RTZ earns overseas profits from Bingham Canyon, but keeps its cash at home

dends so that it could write off only the ACT due on the next year's interim rather than that year's final, but won only a one-off presentational benefit. (2) Introduce a stock dividend option. No ACT needs to be paid where shares are issued in lieu of a cash dividend. The take-up of stock dividends averages only about 5 per cent but that is enough for many quoted companies to have introduced such schemes,

which have the added advantage of retaining cash in the group. If investor protection committees agreed, stock dividends might be made more attractive to individual shareholders by making them somewhat more valuable than the cash alternative. (3) Groups with overseas shareholders can arrange to allow them to receive dividends from a "dividend access" share in an overseas

subsidiary instead of on their shares in the British parent. This saves ACT by reducing the UK dividend payout, and can also have overseas tax advantages for the group and its overseas shareholders. (4) Review international charges. A group with surplus ACT effectively pays UK tax at 8 per cent, the full corporation tax of 33 per cent less the maximum ACT offset of 25 per cent. The group tax charge

will, therefore, fall if group profits can legitimately be transferred to the UK. One straightforward way of doing this, by the UK parent charging its overseas subsidiaries for all the benefits it gives them, is sometimes not fully utilised. For example, subsidiaries are not always required to pay for the use of brand names or other intellectual property owned by the UK companies.

(5) Concentrate debt abroad. There is little point having UK borrowings, generating tax relief on interest paid at just 8 per cent, supporting overseas investments that are generating profits that may be taxed at 40 per cent. Often a group can be restructured tax free to move the debt overseas, so that the interest paid is effectively set against the profits it helps generate. If cash holdings can be maintained in Britain, so much the better.

(6) Review minority holdings. Larger groups may have a few minority holdings scattered around. If a restructuring could turn them into 51 per cent subsidiaries for tax purposes (more easily said than done), ACT could be transferred down to them for more or less full value.

(7) Site cost centres abroad. Importing profitable activities into the UK, or exporting costs with long pay back dates, such as R&D, is a rather extreme solution because of the commercial implications. The ACT regime certainly encourages setting up new R&D facilities overseas, which can hardly be for the long term good of the country.

(8) Under current tax law there may be ways for a group with ACT capacity, and one with surplus ACT, to get together and trade ACT between them. Not surprisingly, the Revenue is using all the technical arguments it has — and a few it has not — to discourage such agreements being set up, and to attack those already established.

Such deals can now only seem attractive to those prepared to battle with the Revenue. The author is Director of Tax Services at Price Waterhouse

## Reports will never be the same again

IN A week's time, financial reporting in this country will pass the point of no return. In more prosaic terms, the Accounting Standards Board will issue a definitive standard, to be known as FRS3, which will deal with the format and content of profit and loss accounts. This will be revolutionary. A variety of financial reporting devices, such as earnings per share and above and below the line, will never be the same again. The aim will be to ensure that, as far as possible, the figures will be disclosed clearly and analysts and users can then decide for themselves, for example, how far items are, to use current terminology, extraordinary or exceptional.

This is part of the change that David Tweedie, the ASB's chairman, is trying to bring about. He wants to create financial reporting rules that provide the preparers of accounts with certainty for the vast majority of situations. For the rest, in Mr Tweedie's words, "people should use their loaf". This fits well with the principle of "unfudgeability", identified by David Damant, of MAP Securities. He argued in a research paper that a drive towards unfudgeable rules produces bad accounts. "In many cases we cannot have both a true and fair view and an unfudgeable figure."

The crucial point is how far finance directors will go along with the new rules and principles. Initially, if they turn true to form, they will welcome them. That has always been the case, on either side of the Atlantic, whenever new rules have been put forward. This time it may be slightly different. For the first time in living memory, you can find finance directors complaining that they are getting a bad name for seeming to do nothing but invent spurious reasons either to avoid disclosure or to avoid taking a hit on profits.

This is where finance directors are really going to come unstuck. The latest tranche of research from James Capel estimates, for example, that under FRS3 proposals, British Aerospace, already unhappy with a 1991 loss of £132 million, could find its full 1992 figures showing a loss of £339 million. Finance directors who try doodling some figures on the back of an envelope next Thursday, as they feed the new rules into their projections, may come to the conclusion that they are going to have a great deal of explaining to do to their boards. At the back of their minds, they will also have the two recent

rulings from the Review Panel of the Financial Reporting Council. In the past, examples like GPG and Trafalgar, where the panel ruled against accounting policies that battered profits, might have evoked nothing worse than a hollow laugh in the City. Now companies have to contend with real and very public opprobrium allied to the possibility of court action.

If finance directors are going to continue to play at the games that they invariably do, then the new rules will need great support from two sources. Institutional shareholders have, in the past, relied too much on public influence. Now is the time for public displays of clout. More important are the great audit firms. They are the ones, after all, which have the first crack at trying to ensure that the rules are adhered to. The problem is that they also tend to be supportive only in private. When it comes to the possibility of making a public statement which might annoy a client, then pusillanimous is the only way to describe their behaviour. They should heed the recent words of Walter Schuetz, chief accountant of America's Securities and Exchange Commission. It is obvious from them that pusillanimous also well describes the noble US audit giants.

"The profession will not go to its clients and tell those clients that their balance sheets have to have realism in order to elicit unqualified opinions," he argued. "Why not? Well, that could involve being tough with a client. Maybe make the client angry. Maybe the client will go across the street to another auditing firm and that firm will agree to report on a balance sheet that has outdated or irrelevant representations in it." This is the stuff of solid citizens.

"The profession," Mr Schuetz argued, "will not support realism in financial accounting and reporting. The profession will not reach tough unpopular decisions." He asks himself why this is so. "Is it because the profession has become so beholden to its clients that it will not speak to them about realism and relevance and credibility in financial accounting and reporting?"

The answer in the UK, as in America, has to be a resounding yes. The unfolding changes being put forward by the ASB give audit firms a chance to refute that.

Robert Bruce is the Associate Editor of Accountancy Age



ROBERT  
BRUCE

## Honour for Dearing

SIR Ron Dearing, the driving force behind the Accounting Standards Board and chairman of the Financial Reporting Council, notches up yet another honour today. Sir Ron, a non-accountant who first sprang to fame as chairman of The Post Office, is due at the Merchant Taylors' Hall, London, to be presented with an award in recognition of his outstanding contribution to the development of the accountancy profession. He is

## ANY OTHER BUSINESS

the first recipient of the CIMA award, sponsored by the Chartered Institute of Management Accountants. Philip Hewitt, CIMA's president, is due to perform the honours.

## Glass menagerie

SOME subtle changes have been creeping in at the Baker Street offices of Stoy Hayward, after an expensive refurbishment programme left its lobby looking like something out of

a Hollywood film. Michael Heseltine was rolled out earlier in the summer for the re-opening of the firm's new-look offices. But the changes were not, it seems, to everyone's taste. The designers were perhaps unaware of problems facing skit visitors to Lloyd's of London who occasionally suffer embarrassment when using the transparent escalators at Lime Street. Stoy's staircase was partly made of glass and leggy visitors were prone to ad-

miring glances. Stoy's has blocked the gaps with wood.

ACCOUNTANTS at a recent conference were alerted to three types of US Bonds about to enter the market:

□ THE QUAYLE Bond which has NO MATURITY.  
□ THE BUSH bond in which there is NO INTEREST.  
□ THE CLINTON Bond which has NO PRINCIPLE.

How about some decent accountancy jokes from our readers? A bottle of champagne for the best offering.

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#### CHANNEL 4

6.00 Cartoons (74822) 7.00 The Big Breakfast (32261)  
9.00 You Bet Your Life. American game show (s) (50006)  
9.30 Schools (24281)  
12.00 The Parliament Programme presented by Anne Perkins (67342)  
12.30 Sesame Street. Pre-school learning series (86174)  
1.30 Take 5. Fun for the very young (89006)  
2.00 Check Out \$2. A report into how the health and safety authorities are reacting to an increase in fairground accidents (r) (s) (1803)  
2.30 Film: Bureau of Missing Persons (1933) b/w starring Bette Davis, Lewis Stone and Pat O'Brien. Comedy thriller about a policeman helping a mysterious woman locate her missing husband. Directed by Roy Del Ruth (415687)  
3.50 Starline. Animated sky myths backed by a soundtrack of Asian film music (2594803)  
4.00 Family Fridge. Soap about the lives of an Asian family living in the Midlands (s) (358) 4.30 Fifteen To One. Fast-moving knock-out general knowledge quiz (s) (342)  
5.00 The Oprah Winfrey Show. The guests are disgruntled native Americans (s) (837677)  
5.50 The Magic Roundabout (r) (658445)  
6.00 My Two Dads. American comedy series (r). (Teletext) (s) (735)  
6.30 Gamesmaster. Computer games show presented by Dominik Diamond with Patrick Moore (777)  
7.00 Channel 4 News with Jon Snow and Zeinab Badawi. (Teletext) Weather (703937) 7.50 Comment (825667)  
8.00 The Black Book. A British TV series.  
● CHOICE: In the first of a two-part report from the streets of Brixton in south London, cameras follow the police as they try to hold the line in one of the most racially sensitive areas of Britain. The job is daunting and perhaps impossible. On the one hand it involves a continuous battle against the drug dealers and users who have proliferated in Brixton in recent years. On the other it means trying to restore a community which is 70 per cent black, but not just black and still scarred by memories of the riots of the 1980s. Tonight's film covers the Summer Project, a community policing initiative directed at diverting local youngsters away from street crime and violence. The police emerge as courteous and constructive but old suspicions die hard (s) (1687)  
8.30 Rising Dam. Rigby boys have to rescue the kids of Isle from Miss



**Cat-and-mouse games: Macpherson, McManus (9.00pm)**

**No jobs and no hope: Residents of Meadowall (\$0.00pr)**

**9.00 Critical Eye: An English Estate.**  
● CHOICE: Anyone prepared by the title for a leisurely documentary about an aristocrat's country seat will be swiftly disabused. The estate is the Meadowall in working-class North Shields. Three-quarters of the people are without work and 85 per cent are receiving benefit. Youngsters steal, pyjama and set fire to the house. Older people don't go away on holiday in case their houses are vandalised. Some of the adults are censorious, others sympathetic with the anger of kids who have no jobs and no hope. The film is presented without commentary or comment but its tone is challenging and its message is inescapable. Poverty and social unrest are directly connected and the politicians have failed. Disillusionment with government, local and national, has led the bourgeoisie to turn their backs on the city.

**10.00 Film: Criminal Justice (1990)** starring Forest Whitaker and Jennifer Grey. A made-for-television crime drama about a man with a criminal record who, when identified by a prostitute as the man who assaulted and robbed her, elected to go to trial rather than accept a plea bargaining plea backed by his legal aid defence and the advice of his lawyer. Directed by David Yates.

**11.40 Set of Sex.** Comedy series starring Rowland Fynn (r) (800887)

**12.05am Dispatches.** A repeat of yesterday's programme about abuse of the elderly (712743)

**1.00 Film: Ladies of Leisure (1930, b/w)** starring Barbara Stanwyck and Ralph Granger. Romantic comedy about a gold digger who falls for a woman who is not only a prostitute but also a mother for their mistress. Directed by Frank Capra (496556). Ends at 2.00.

born (19025) 9.30 Ring  
erian Football (91073)

**Grand Prix (66675)**  
**EUROSPORT**  
 10:00am The Asiathe satellite  
 10:00am Soap Aerobics (470700) 9.30 Tennis  
 11:00 Top 70 (78445) 11:30 Soap Aerobics  
 (56529) 12:00 Intercontinental Football  
 (77170) 2:00pm Juggler (92153) 3:00 Golf  
 (91445) 4:00 Euroquest (72283) 5:00 Tennis  
 (5325) 5:00 Tennis ATP (75882) 8:00  
 Golf Racing (20309) 8:30am Tennis World Sport  
 (53033) 8:30am Tennis News (6355) 10:00  
 Intercontinental Football (68716) 12:00 Kick  
 boxing (15879) 12:30-2:00 Wrestling (77122)

**CRENSHOP**  
 11:00 The Asiathe satellite  
 10:00am Judo (55242) 8:00 News (35551)  
 10:00am Judo (55242) 8:00 Basketball  
 (81097) 11:00 The Kick Golf  
 (55242) 12:00 Longhulch (44538) 12:30pm  
 Judo Street Frit (71122) 2:00 MMA  
 EP (68724) 3:00 Top Rank Boxing (25361)

boast World (56777) 8:30 FIA World Sponsor  
 Championship (17857) 9:30 Snooker  
 Final (70025) 10:00 Spanish Soccer (58906)  
 11:00 Squash - World TV Super Series  
 (12449) 12:00 Spanish Soccer (63569)  
 1:00pm Golf Report (714578) 1:15-1:41  
 Major League Baseball (13680782)

**LIFESTYLE**  
 10:00 The Asiathe satellite  
 10:00am Fashion Film (90006) 10:30 Cover  
 Story (40754) 11:00 Fashion (63842) 11:30  
 The Johnnie Walker (77519) 12:15am  
 Sally Jessy Raphael (203826) 1:00  
 Lunchbox (75874629) 1:00 Self+Mission  
 Shopping (7525550) 2:10 Fashion  
 Satellite (6957551) 2:10 The New Newlywed  
 Game (5522) 3:30 Beverly Hills Bachel (6551)  
 4:30 Dick Van Dyke (755719) 6:30  
 Wild (8208435) 5:30 Self+Vision (5532)  
 6:00 Sally Jessy Raphael (65549) 6:30  
 Scheduling (65529) 10:00 Miss Veles  
 (3061723) 2:00am Last Fashion (75120)

**Comcast**

1.30 ABC World News  
20mm Round 207

it's a thriller.

**Len  
Deighton**

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## Spartak provide tough test

Souness senses  
Liverpool have  
turned the tide

FROM DAVID MILLER IN MOSCOW

OUT of the frying pan into the fire. Liverpool's journey from Old Trafford to the former Lenin, now National, stadium is an extreme test of Graeme Souness's re-modelled, and still developing young side.

It is, Souness considers, technically the most difficult match the club has played since the tragic encounter with Juventus in Brussels seven years ago.

Spartak, who Liverpool meet tonight at the stadium that staged the Olympic Games, are the new Russian league champions following the 4-1 victory over Lokomotiv at the weekend.

They also have six of the squad that performed the last rites of Soviet Union football as the Commonwealth of Independent States team in the European championship in Sweden.

Souness believes that the draw with Manchester United on Sunday is further evidence that Liverpool have turned the corner. If they are to emerge from this second round first

leg still with an opportunity for further progress in the Cup Winners' Cup, it will require all the maturity that the older players — Grobbelaar, Wright, Nicol, Thomas and Rush — can summon.

For the second time in five days, it will also be the sharp end of the continuing education of the new breed — McManaman, Redknapp and Hutchison. The latter's goal against Manchester United brought his total to five in six matches and a goal away from home tonight would, as always, wholly alter the complexion of the two legs.

What I find distinctive is that the relaxed mood of friendliness, which has always characterised the club's European travels in past years, is still there. For a club that only two weeks ago was allegedly in crisis, this is an encouraging sign.

There are no cliques of older or younger players, no muttering in corners among two or three, a free association between the whole squad. This is

not a picture of a club in trouble. A run of four wins and a draw does not end for morale but here are a group of players still with a strong sense of collective identity and purpose. Do not write them off from the prizes this season.

The older players have the wisdom, and the generosity, to acknowledge the degree to which the younger players have got them out of a jam.

Analysis of Spartak in reports from Ron Yeats, the former Anfield captain, indicate the extent of Liverpool's task. "Going to Old Trafford was a test for our youngsters and this will be another," Souness said.

"It will be difficult. You cannot win trophies at this level with a side exclusively made of youngsters but we have a blend of youth and experience."

It is expected that Souness will employ a 4-5-1 formation. The main question is whether Jones is ready to resume at right back in place of Marsh.

For Wright, restored to the team, it could be a critical moment in his career. He can be vulnerable against forwards running the ball at him, as the Russians will, and his performance will carry significance for the future of both him and the team.

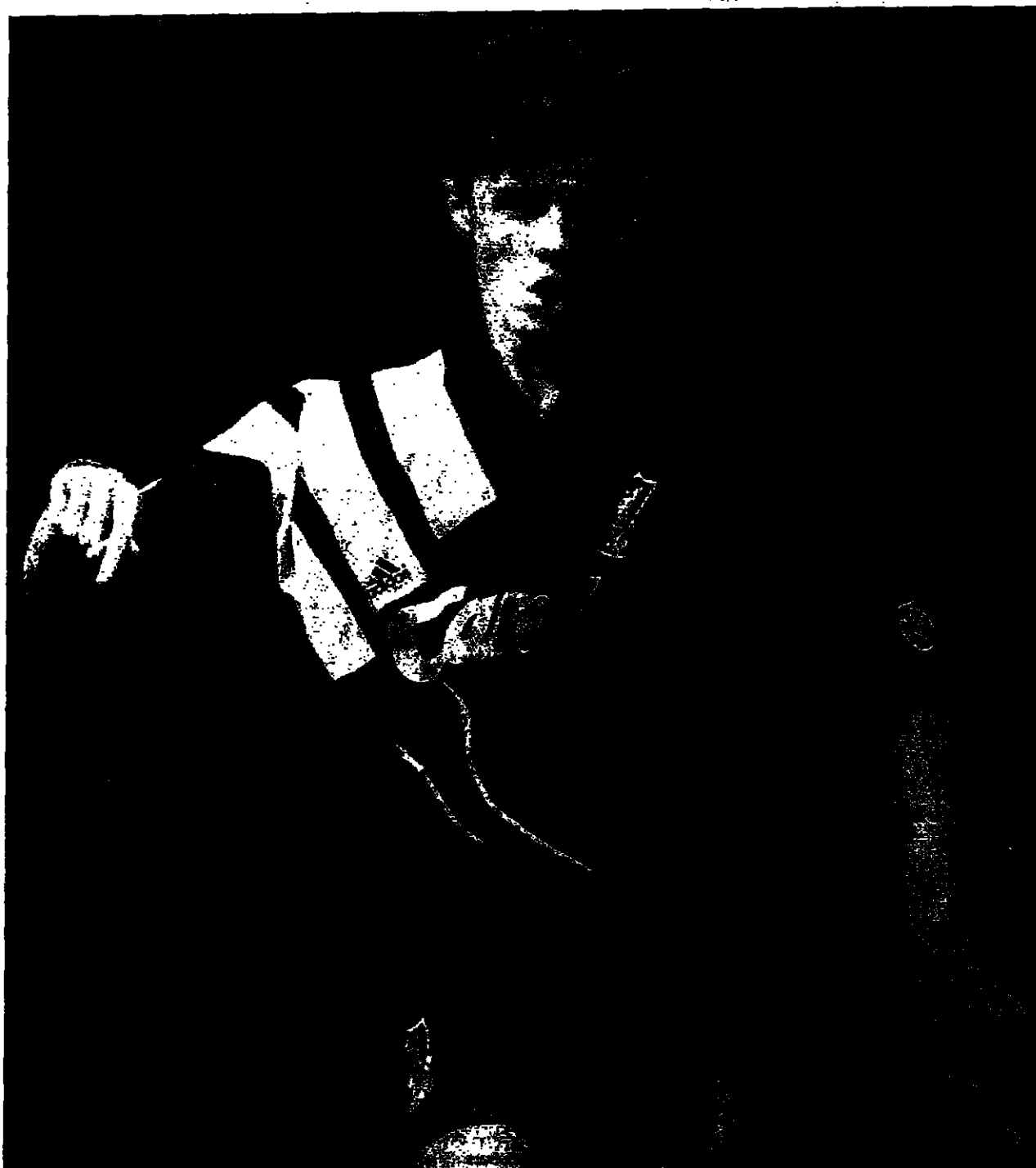
Much will also be required from Nicol alongside him and from Thomas in the injection of physical resolution into the midfield.

With Barnes, Whelan and Molloy unfit, and Stewart suspended as well as injured, the probable line-up is Grobbelaar, Marsh or Jones, Wright, Nicol, Burrows, McManaman, Thomas, Redknapp, Hutchison, Walters, Rush.

There will be hope that Rush can extend his truly remarkable record, established at Old Trafford, of 287 goals for the club.

Liverpool are cutting ticket prices for the second leg of their tie against Spartak Moscow.

Seat prices will be reduced by 15 per cent to £10 in an attempt to encourage more supporters to Anfield after a disappointing attendance of 12,000 for the last European home game with Apollon Limassol.



New breed: the future of Liverpool depends largely on their younger players, including McManaman

## Germans take dives, says coach

BY IAN ROSS

THE debate over players feigning injury in an attempt to influence the decisions of referees has extended to Germany, for many years the home of the theatrical dive.

As David Hirst, Sheffield Wednesday's England forward, resigned himself to a three-match suspension from Europe for his sending-off during the UEFA Cup tie against Kaiserslautern on Tuesday, a leading German coach conceded that the problem was widespread within the German league.

"Players in Germany do it all the time," Rainer Zobel, the Kaiserslautern coach, said after his side's 3-1 victory in the Franz Walter stadium. "I'm trying to stamp it out but it is not easy because it is almost normal practice in

Germany for players to fall over far too quickly. It just seems to be a natural instinct."

Seven days ago, Gordon Durie, Tottenham Hotspur's Scottish international forward, was suspended for three matches by the Football Association after being found guilty of feigning injury against Coventry City at White Hart Lane in mid-August. Durie plans to appeal.

Although Zobel was adamant that Hirst's dismissal for a skirmish with Marco Haber was "deserved", he said he was angered by the antics of two of his own players, Vogul and Witeczek, both of whom were penalised by Joel Quirion, the French referee, for play-acting.

"I accept that both men took dives in the second half to try and get penalties," he said. "I want my players to stay on

their feet rather than throw themselves to the floor."

Wednesday had been hoping that the UEFA observer at Tuesday's game would view sympathetically Hirst's part in the 42nd-minute incident, which precipitated the first sending-off of his career.

"The referee has told us that he will say in his report that David was sent off for kicking an opponent," Trevor Francis, the Wednesday manager, said. "The UEFA observer supports that decision and has told us that the referee took the correct action. As kicking an opponent constitutes violent conduct, he faces a three-match suspension."

Hirst, who was playing in a senior fixture for only the second time in seven weeks, was largely unrepentant yesterday. "I do not feel that I let down my team-mates because

I did nothing to warrant a sending-off," he said. "I just remember rushing past him and then him going down."

Celtic arrived in Glasgow yesterday confident of overturning their 1-0 deficit in the home leg of their UEFA Cup tie against Borussia Dortmund in a fortnight.

Liam Brady, the Celtic manager, said he was satisfied with his team's defensive performance on Tuesday night. "We'll see how Dortmund cope with a big, noisy crowd at Parkhead," he said.

The only goal came when Pavisen's cross was driven in by Chapuisat, the Swiss international, in the second half.

Hanley  
back to  
sharpen  
attack

TO NO particular surprise, Malcolm Reilly, the Great Britain coach, yesterday unsheathed the rapier to counter the bludgeon of the Australian forwards in the World Cup final on Saturday, recalling Ellery Hanley to the side after an absence of 18 months.

Hanley's international career appeared to be in jeopardy after injury allowed him to play for only nine minutes on this summer's tour of Australia. Yet Reilly's faith in the player is undiminished, in spite of his indifferent form, and Hanley, 31, will return to his customary loose forward position, with Phil Clarke moving into the second row alongside Denis Beig.

While Hanley is some way short of his form of two years ago, when he helped Great Britain to beat Australia at Wembley, he is still held in the utmost regard by the Australians. He is one of four survivors from that Great Britain side, joining Bens, Gerry Schofield, the captain, and Martin Offiah, whose strained hamstring is reported to have recovered.

Reilly's only doubt concerns Graham Steadman, the full back, who has damaged shoulder ligaments and will undergo a fitness test today. Steadman's

kicking from the back into the Australian in-goal area could be a key factor.

Tactical kicking may be important in opening a tight Australian defence, and Deoek Fox and Shaun Edwards, at half back, will place an emphasis on incisive kicking, speedy support play and moving the ball wide to Offiah and Alan Hume on the wings.

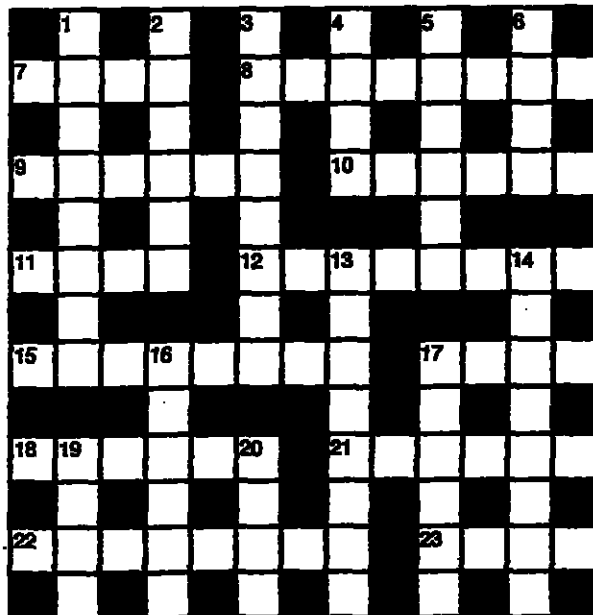
Kevin Ward, Martin Dornott and Andy Platt form a formidable front row, but if the Australian pack is allowed to dominate, it should press home a considerable size and weight advantage.

Reilly will instead look for speed, intelligent ball-play and the minimum of errors. "Our strength in depth is limited, but the quality is improving and this is a quality side," he said.

GREAT BRITAIN: G Steadman (Captain), A Hume (GB), G Schofield (GB), M Offiah (Wales), S Edwards (Wales), D Fox (England), K Ward (Wales), M Dornott (Wales), A Platt (Wales), P Beig (Wales), J Lydon (Wales), R Evans (Wales).

O'Reilly's quest, page 46

## CONCISE CROSSWORD NO 2925



- ACROSS
- 7 Features (4)
  - 8 Animal seal (8)
  - 9 Road covering (6)
  - 10 Turn aside (6)
  - 11 Flag (4)
  - 12 Western English point (5,5)
  - 15 Stripped of sails, stays (8)
  - 17 Crafty (4)
  - 18 Silence (4,2)
  - 21 Messy (6)
  - 22 Carry out (8)
  - 23 Turnout (4)
- DOWN
- 1 Holiday (8)
  - 2 Allow (6)
  - 3 Strike breaker (8)
  - 4 Sheep pen (4)
  - 5 Wooster's butter (6)
  - 6 Hard up (4)
  - 13 Certainty (2,6)
  - 14 Adjacent (4,4)
  - 16 Engrossed (6)
  - 17 Heavener (6)
  - 19 Car heater (4)
  - 20 Chime (4)

SOLUTIONS TO NO 2924

ACROSS: 1 Medic 4 Riddle 8 Announcer 9 Soh 10 Wax 11 Technical 12 Radar 13 Taken 16 Voice face 18 Law 20 Lit 21 Gladness 22 Enquiry 23 Gunge

DOWN: 1 Misow 3 Denuded 3 Counterweight 4 Room 5 Strengthening 6 Basic 7 Echelon 12 Revolve 14 Kilon 15 Canary 17 Lex up 19 Wore

By Raymond Keene, Chess Correspondent

This position is from the game Halk — Skembris, Yugoslavia 1981. White has invested a rook for a powerful attack. His following coup is quite brilliant. Full marks if you can spot it.

Solution: the surprising 1 Nc3 wins, e.g. 1 — Rxb2 2 Rf1 mating, or 1 — Nc3 2 Rf1.

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## Galwey escapes a heavy suspension

BY DAVID HANDS  
RUGBY CORRESPONDENT

Galwey: still available

MICK Galwey, the nine-times capped Irish international lock, will remain available for selection for the match between Ireland and Australia in Dublin on October 31 after being sent off in Cork yesterday during Munster's shock 22-19 defeat of Australia, the World Cup holders.

Galwey and Garrick Morgan, the Australian lock, who was sent off in the same incident, were given a four-day suspension by a disciplinary tribunal sitting in Cork last night. Such a light sentence

indicates the feeling of the tribunal that, while both players may have been involved in a brawl which disgraced the later stages of Munster's historic win, they were not the primary cause. The sentence runs from midnight last night and means that Morgan will miss the game on Saturday against Ulster in Belfast.

In stark contrast, the Gloucester flanker, Paul Ashmead, was suspended for 45 days yesterday after being sent off in a clash with Dean Richards during the Courage League match with Leicester last month. Gloucestershire's RFU disciplinary committee

cleared Ashmead of deliberately stamping on the England player, but found him guilty of careless use of the boot without malicious intent.

The Irish team will be selected after that match and Galwey remains a leading candidate to play in the second row for his country. The sentence was agreed unanimously by the members of the tribunal — Charlie Quaid, the Irish Rugby Football Union president, Brendan O'Dowd, his IRFU committee colleague, and John Breen, the Australian tour manager.

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## Sports Council calls for drugs use ban

BY JOHN GOODBODY

THE Sports Council will meet leading weightlifting officials next week in a final attempt to persuade them that they should ban the two competitors sent home before the Olympic Games in Barcelona for alleged drug offences.

Wally Holland, the secretary of the British Amateur Weightlifters Association (BAWLA), said yesterday that he was inviting both the council, which carries out the government-financed drug-testing programme, and the British Olympic Association (BOA) to meet him and Hymie Binder, the BAWLA chairman. The BAWLA central council convenes in London on October 31 to decide whether to suspend Andrew Saxton and Andrew Davies, who have admitted taking clenbuterol during training for the Games.

The decision could have widespread repercussions. Katrin Krabbe, of Germany, the world 100 and 200 metres champion, is also appealing against a suspension for taking clenbuterol in

training, while Sports Council officials in London believe that the integrity of its £750,000 drug-testing programme is at stake. Even if the two lifters are not banned next week, they may still take legal action because of the public disgrace they were subjected to in being sent home from Barcelona. However, whether any action will be against BAWLA, the Sports Council or the BOA is unclear.

BAWLA officials are concerned whether clenbuterol, a drug that can relieve asthma but is only available on prescription in Germany, is covered by the regulations for out-of-competition testing. They have been supported by Professor Arnold Beckett, a British member of the International Olympic Committee (IOC) medical commission, who rejects the belief that clenbuterol is a banned substance in out-of-competition testing.

Clenbuterol is known in the United States as "doper's delight", because it is a stimulant in humans and an anabolic agent in animals and so may help

humans train harder and recover more quickly from intensive exercise.

Clenbuterol is prohibited as a stimulant in competition. However, the Sports Council has stated that it is also prohibited in out-of-competition testing. In Barcelona, the IOC medical commission, in Beckett's absence, supported the Sports Council's stance. However, it is debatable whether an English court of law would support this reading because Beckett has pointed out that clenbuterol is not "chemical or pharmacologically related to anabolic steroids".

Saxton, from Oxford, admitted that he was taking a drug to help his asthma at the time he gave the urine sample. Davies, the 1990 world champion from Wales, said that he was given the drug by Saxton because he was suffering from a "tight chest". However, it is not clear whether the competitors obtained the drug on prescription and if so from whom.

Under BAWLA regulations, the two are under suspension and they face the possibility of a life ban if the central council finds them guilty.

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